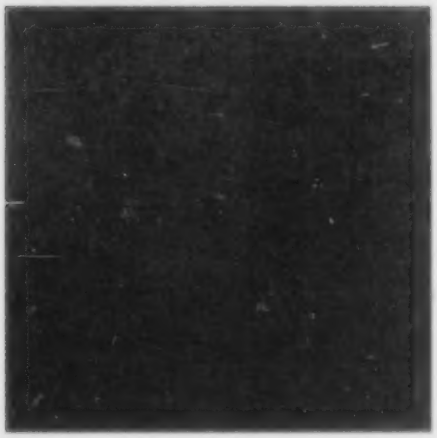

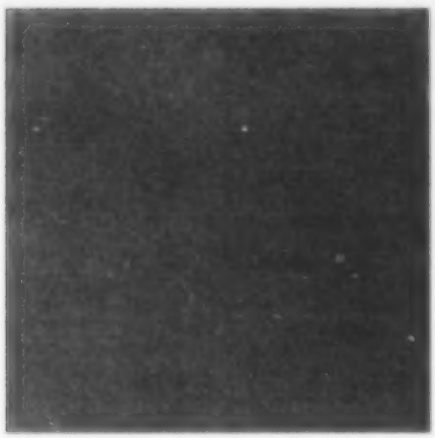

Saskatchewan Gaming Corporation
2009 Annual Report

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Sask Gaming Profile

The Saskatchewan Gaming Corporation (Sask Gaming) was established as a Treasury Board Crown Corporation under *The Saskatchewan Gaming Corporation Act, 1994*. Effective April 1, 2008, Sask Gaming came under the direction of Crown Investment Corporation (CIC). As a CIC Crown, Sask Gaming's fiscal year is January 1 to December 31.

Sask Gaming operates Casino Regina and Casino Moose Jaw, which are under the regulatory authority of the Saskatchewan Liquor and Gaming Authority. Sask Gaming must also operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997*. As well, the *Saskatchewan Gaming Corporation Casino Amendment Regulations, 2006*, govern the day-to-day operating practices at Casino Regina and Casino Moose Jaw.

Sask Gaming is required to make payments to the province's General Revenue Fund sufficient to meet the government's legislated obligations to the First Nations Trust, the Community Initiatives Fund and the Métis Development Fund. Sask Gaming also pays dividends to CIC.

Sask Gaming is responsible to the Government of Saskatchewan through a Minister and Board of Directors appointed by Cabinet. The Board is comprised of seven members, three of whom are nominated by the Chiefs' Legislative Assembly of the Federation of Saskatchewan Indian Nations, as per our Act.

Mandate

We offer casino entertainment in a socially responsible manner, generating quality employment, economic benefit to the community, and profit for Saskatchewan people in partnership with First Nations.

The Corporation's powers are established by legislation. The key powers afforded the corporation are to establish, manage and operate casinos, or other related businesses and activities, as well as promote and market those casinos and related businesses.

Vision

We are the premier destination for casino entertainment, setting the standards for Five Star service experience and properties.

Mission

Excellence in providing our guests with an outstanding casino experience.

Values

- **Respect** – We embrace diverse backgrounds. People matter and we treat everyone as we expect to be treated.
- **Integrity** – We are honest, fair and honour our commitments. We accept responsibility for our actions, both personally and professionally.
- **Passion** – We feel strongly about achieving our goals and it shows in our enthusiasm for everything we say and do.
- **Innovation** – We understand that to secure our place in the future, measured risks need to be taken today. To that end, we encourage and support cutting edge ideas that move us toward our goals.

Letter of Transmittal

March 31, 2010

The Honourable Dr. Gordon Barnhart
Lieutenant Governor
Province of Saskatchewan

May it please Your Honour:

I respectfully submit the Annual Report of Saskatchewan Gaming Corporation for the year ended December 31, 2009, in accordance with *The Saskatchewan Gaming Corporation Act*. The Financial Statements are in the form approved by the Treasury Board and have been reported on by the Corporation's auditors.

Bill Hutchinson

Honourable Bill Hutchinson
Minister Responsible for Saskatchewan Gaming Corporation

CLEAR BENEFITS AND CLEAR VISION – DELIVERING CLEAR BENEFITS IS ABOUT ACHIEVING BALANCE. SASK GAMING PROVIDES CASINO ENTERTAINMENT IN A SOCIALLY RESPONSIBLE MANNER. THAT MEANS BALANCING THE ECONOMIC BENEFITS OF GAMING WITH THE LONG-TERM WELL-BEING OF OUR COMMUNITIES AND EMPLOYEES WHILE OFFERING QUALITY ENTERTAINMENT.

"A place where careers can begin and grow"

Sask Gaming is committed to providing quality employment opportunities and is working towards achieving a representative workforce of 50 percent Aboriginal people. Sask Gaming already employs over 1,000 employees and has a highly inclusive workplace. In 2009, 41.8 percent of our workforce was Aboriginal.

To foster a culture of inclusiveness, Sask Gaming also achieved a number of diversity benchmarks: 5.8 percent of workers are persons with disabilities and 11.7 percent are visible minorities. Our commitment to a diverse workplace resulted in being recognized with the top honour in the Business Category at Canada's Diversity Awards in 2009.

Sask Gaming was also named one of Saskatchewan's Top 20 Employers by Maclean's Magazine and the Globe and Mail – for the fourth straight year.

"We celebrate our diversity and have come to recognize that it is the strength and heart of our organization." – Blaine Pilatzke, Vice President, Human Resources and Aboriginal Resources

Minister's Letter

As the Minister Responsible for the Saskatchewan Gaming Corporation I am pleased to note that during 2009 the Corporation has made significant contributions to Saskatchewan's strong economy. Sask Gaming demonstrates this success as an employer: 45 percent of their workforce being under the age of 35 years; 42 percent being Aboriginal employees; and for being recognized among Saskatchewan's Top 20 Employers.

Sask Gaming contributes 50 percent of its profits to the General Revenue Fund and, during the period covered by this report, paid a dividend to the Crown Investment Corporation. The General Revenue Fund distributes gaming profits to the First Nations Trust, the Métis Development Fund and the Community Initiatives Fund. The impacts of these contributions are felt throughout the province.

The Corporation, in fulfilling its role as a good corporate citizen, also supports hard working volunteers and provides funding for many important events and projects. I offer my congratulations to the more than 1,000 employees of Sask Gaming for their valued contributions to our provincial economy and particularly our vibrant tourism industry.

Respectfully submitted,

Bill Hutchinson

Honourable Bill Hutchinson,
Minister Responsible for Saskatchewan Gaming Corporation

Message from the President and CEO

The View from Here

When Casino Regina opened in 1996, we contributed to a new industry in the province. We brought additional vitality to Regina's downtown, provided 500 new jobs, boosted the entertainment industry in Saskatchewan, and made valuable contributions to First Nations, Métis and community programs. Six short years later, Casino Moose Jaw and the Casino Regina Show Lounge opened and we truly established ourselves as an entertainment corporation.

Look at us now. In 2009, we entertained nearly 3.3 million guests; employed over 1,000 employees; and generated revenues of $130 million. In addition, we contributed over $670,000 to support our community's charities, sports and culture; through our contribution to the Province's General Revenue Fund we transferred $25.4 million to the Community Initiatives Fund, the First Nations Trust, and the Métis Development Fund; and we paid a dividend of $20.3 million to the Crown Investments Corporation.

Sask Gaming's mandate is to offer casino entertainment in a socially responsible manner. Our success is driven by four strategic goals: being an employer of choice with choice employees; achieving guest experience excellence; operating in a socially responsible manner; and remaining a sustainable corporation that generates a profit for Saskatchewan people in partnership with First Nations.

Looking at our results from 2009, I am confident in saying that we have created, and continue to create, long-term value for our employees, our guests, the community, and our province.

Our formula for success relies strongly on our people. We have invested, and continue to invest, in our people to ensure that they have the skills and abilities to deliver on our promise of entertainment from door-to-door. We offer a learning and development program second to none.

We are proud to have been named one of Saskatchewan's Top 20 Employers by Maclean's Magazine and the Globe and Mail – for the fourth straight year. We are equally proud to have been recognized with the top honour in the Business Category at Canada's Diversity Awards in 2009.

When a customer walks through the doors of our Casinos, the entertainment experience has already begun. We want every customer to leave our Casinos saying "I had a great time." Achieving that relies on strong entertainment value, but a customer's great experience also depends upon our values of respect, integrity, passion and innovation.

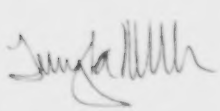
Our ability to compete in this marketplace is based on our ability to demonstrate a Five Star experience. Investing in our properties and games requires a planned and managed long-term approach.

There is a need to safeguard the public and its current positive perception and acceptance of the industry, and demonstrate social responsibility and strengthen the community's trust and support. Responsibility, security and integrity are cornerstones that safeguard the overall reputation of the Saskatchewan gaming industry and remain critical aspects of our governance responsibilities.

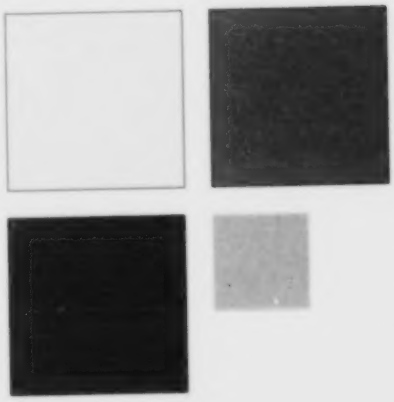
We are a source of strength and integrity in gaming in Saskatchewan. Across the country, the gaming industry experienced decreased revenues in 2009. Sask Gaming saw decreases as well in some areas of the business, but we delivered our targeted income. Although Saskatchewan weathered the economic winds relatively well, the recent swings in the national and local economy are good reminders that our Casinos and entertainment offerings are among many that compete for a share of people's disposable income.

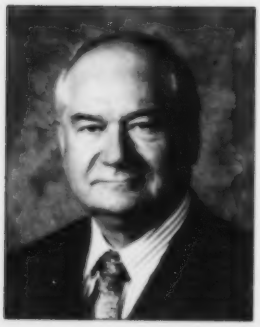
I look forward to leading Sask Gaming as we continue on our mission to be the premier destination for casino entertainment. Collectively our focus remains on being an employer of choice attracting choice employees; delivering guest experience excellence; being socially responsible; and remaining a sustainable corporation.

I am pleased with all of our achievements in 2009 and hope you find in this report a clear picture of our accomplishments.



Twyla Meredith
President and CEO





Message from the Chair

Our Line of Sight

From the moment our guests walk through our doors to when they leave us, our goal is to entertain them. We focus on every detail: the quality of games; the way our guests are greeted and treated; the décor and environment; the food they are served, and the entertainment in our show lounge. We call this, "show time, all the time."

Behind the scenes we focus on acting responsibly, protecting the safety and security of our guests, our employees and our assets, and operating our business with integrity so that we safeguard the trust of our community and our shareholder.

This commitment to responsibility, integrity and security forms the basis for good governance and assures the long term sustainability of the corporation.

The Board of Directors is pleased with the 2009 results and accomplishments. By early 2009, it was clear that the global economic downturn would have an impact on achieving the 2009 plan. Management responded by reducing expenditures, without sacrificing the "show time all the time" experience, or reducing support for the shareholder's strategic priorities:

- We contributed to the growth of the province for the 14th year in a row. This year we transferred $25.4 million to the GRF and declared a dividend of $20.3 million to Crown Investment Corporation;
- We continued to support Saskatchewan and Aboriginal businesses through our procurement practices;
- We provided young people with employment opportunities to live and thrive in Saskatchewan. Forty-five percent of our workforce is under 35 years of age;
- As leaders in diversity, we have the highest Aboriginal representation in the Crown sector at 42 percent, and continue to advance toward our long-term target of 50 percent;
- We met or exceeded the Saskatchewan Human Rights Commission targets for persons with disabilities, minorities, and women in under-represented occupations; and

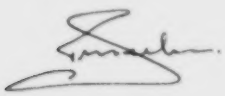
- Our passion for service excellence is brought to life everyday in our actions and attitudes, our properties, and the dynamic environment that is fun and enjoyable. We refreshed our facilities in Regina and Moose Jaw, and improved the working environment for our employees.

The future direction of the gaming industry is to balance the social and economic interests of society. In response to board direction, Management:

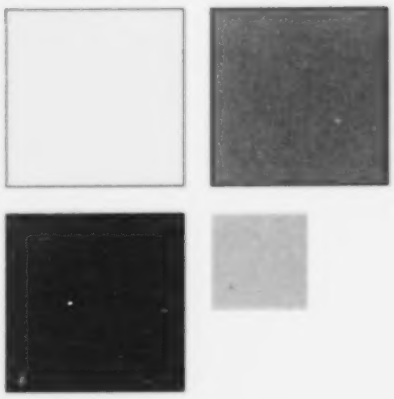
- Developed an Enterprise Risk Management program to enhance corporate governance, as reflected in the Terms of Reference;
- Strengthened our commitment to Corporate Social Responsibility with a framework that articulates our principles and directions;
- Increased responsible gaming efforts to raise guest awareness about their play and collaborated with provincial and national partners on future program development and standards; and
- Designed a new community giving policy that focuses support on health, safety and education programs and services.

Looking ahead, we see opportunities on the horizon, both in the evolution of the gaming industry and the evolution of the province of Saskatchewan. We see a role for Sask Gaming to contribute more significantly to the province's economic strength. We are poised to bring 14 years of our homegrown, internationally-inspired gaming model to respond to shareholder direction.

On behalf of the Board, I would like to thank the dedicated management team of Sask Gaming and the employees who bring our values to life, demonstrating respect, integrity, passion, and innovation in their day-to-day work. It is this dedication that ensures the organization continues to contribute financially and socially to the people of Saskatchewan.



Wes Becker
Chair



Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) highlights the primary factors that had an impact on Sask Gaming's results for the period ending December 31, 2009. The MD&A should be read in conjunction with the audited financial statements and accompanying notes.

Sask Gaming converted to a CIC Crown on April 1, 2008, and as a result its year-end changed to December 31. Consequently, comparative figures on the financial statements are for only nine months of operations, April 1, 2008 to December 31, 2008. For the purpose of the following discussion, comparisons will be made to the 12-month period January 1 to December 31 of 2008. However, as audited comparative figures are not available for this period the comparison is to unaudited numbers for 2008.

In addition, prior to April 1, 2008, Sask Gaming paid all of its net income to the General Revenue Fund (GRF). Beginning April 1, 2008, the payment to the GRF is considered an expense item and is deducted to arrive at the net income figure. For the purpose of this discussion, comparisons will be made based on income before the payment to the GRF.

The following discussion includes forward-looking statements about the corporate direction and financial objectives of Sask Gaming.

Due to the risks and uncertainties inherent in any forecast, the actual results could differ markedly from those anticipated.

Strategic Plan

Sask Gaming uses an integrated planning process based on the Balanced Scorecard methodology to build clarity about the strategic direction, ensure alignment with shareholder priorities, and, ultimately, to translate that direction into a results-focused, actionable performance plan.

Sask Gaming will achieve its vision and mandate by delivering on four business goals.

Strategic Risks

The following table provides an overview of the strategic risks identified in the 2009 Performance Plan, the expected impacts, and the long-term business priorities adopted.

Risk Area	Analysis	Long-Term Business Priorities
Generating Quality Employment	To be recognized as an employer of choice in the marketplace, we must ensure that we are visible as a viable option, and safeguard and protect our reputation as a quality employer in the marketplace. The achievement of the 50 percent Aboriginal workforce target will require a shift in direction and approach due to additional competitors. Our formula for success is Five Star people, delivering Five Star service and Five Star properties. We must continue to invest in our people to ensure that they have the skills and abilities to deliver on our promise.	• Hiring, retention and promotion of quality employees • Office and employee amenities' improvements • Aboriginal representation of 50 percent • Providing employees with fair and equitable opportunities for advancement through performance management, coaching, mentoring, employee development and succession planning
Competitive Positioning	The competitive marketplace is increasing both within Saskatchewan and outside of Saskatchewan. Our ability to compete in the marketplace is based on our ability to provide a Five Star experience. Investing in property refresh and games requires an ongoing and managed approach.	• Customer intimacy and experience excellence • Product innovation • Applying technology and service excellence to build on the casino experience • Ensuring our facilities are maintained at a Five Star standard and making investments accordingly through a managed approach
Responsibility, Security and Integrity	There is a need to safeguard the public and its current positive perception and acceptance of the industry, demonstrate social responsibility and strengthen the community's trust and support. Responsibility, security and integrity are cornerstones to safeguard the overall reputation of the Saskatchewan gaming industry.	• Industry-wide leadership in responsible gaming practices • Leadership in gaming operations, integrity and security practices • Social and environmental responsibility • Community leadership • Economic benefit for Saskatchewan people
Governance and Sustainability	The future direction of gaming in Canada is focused less on growth and more on achieving better social and economic balance.	• Effective corporate governance practices and due diligence • Best practices in management systems, processes and policies

Enterprise Risk Management (ERM)

In 2009, Sask Gaming adopted an enterprise-wide risk management approach and developed a framework based on the model recommended by the Committee of Sponsoring Organizations of the Treadway Commission. The Board approved the enterprise risk management framework in November of 2009.

Key elements of the Enterprise Risk Management framework include governance, policy, process, and culture. The end goal of the program is to create a "risk smart" corporation.

Management will begin reporting to the Board in 2010 with the development of the Corporate Risk Registry. Management will report risks and the potential impact those risks have on the corporation in achieving its four business goals: Employer of Choice, Choice Employee; Guest Experience Excellence; Social Responsibility; and, Sustainable Corporation.

Competition

The marketplace for our entertainment product is becoming increasingly competitive within Saskatchewan and outside the province. In an October 2007 telephone survey of Saskatchewan residents, respondents rated 11 comparable entertainment alternatives by their entertainment value on a scale of 1 to 10. The top five rated options were: restaurant dining (6.80); musical concerts (6.28); live theatre (5.77); movies (5.46); and live sports events (5.37).

These top five present the main entertainment competition for Sask Gaming – our patrons have a wide choice of where to spend their discretionary entertainment dollars. Saskatchewan people are spending a significant portion of their disposable income on types of entertainment other than visiting a casino.

The gaming industry in Saskatchewan includes eight casinos, two of which are owned by Sask Gaming. Saskatchewan Indian Gaming Authority operates the other six casinos: Bear Claw Casino, White Bear First Nation; Dakota Dunes, Whitecap Dakota First Nation; Golden Eagle Casino, North Battleford; Northen Lights Casino, Prince Albert; Painted Hand Casino, Yorkton; and Living Sky Casino, Swift Current.

Other gaming competition in Saskatchewan includes Marquis Downs horse-racing in Saskatoon, VLTs (SLGA contracts with Western Canada Lottery Corporation to operate 3,991 VLTs in 646 sites located in approximately 313 communities in the province), approximately 800 lottery ticket retailers, and 21 bingo halls.

Due to SLGA licensing requirements, direct competition among Casinos at the local level is highly improbable. The primary local gaming competition to Sask Gaming comes from VLT sites in Regina and Moose Jaw bars and restaurants.

"It's show time, all the time"

The Five Star Program is an approach that encompasses everything we do. It's about understanding our Vision, Mission and Values; delivering outstanding service; providing outstanding training; never compromising on safety, courtesy and efficiency; and recognizing our employees for a job well done.

In 2009, nearly 3.3 million guests visited Casino Moose Jaw and Casino Regina. We use a Mystery Shopper program to evaluate the guest experience we offer and throughout 2009 our employees consistently scored four out of five during mystery shopper interactions.

Casino Regina is a top entertainment draw in the province. It is also the focal point of Regina's downtown activity and continues to contribute to the community's pride.

Casino Moose Jaw makes a valuable contribution to Moose Jaw's regional economy and community through the continued advancement of partnerships and alliances. Not only does it play an active and integral part of the Moose Jaw Cultural Center, it enjoys strong synergies from being steps away from the Temple Gardens Mineral Spa.

"We put the 'Always' in 'Always Entertaining.'" – Gerry Fischer, Senior Vice President, Operations

"We're proud of our market position. Our Casinos are entertainment anchors in Regina and Moose Jaw." – Susan Flett, Acting Vice President, Marketing and Product Development

CLEAR BENEFITS AND CLEAR VISION – DELIVERING CLEAR BENEFITS IS ABOUT ACHIEVING BALANCE. SASK GAMING PRESENTS CASINO ENTERTAINMENT IN A SOCIALLY RESPONSIBLE MANNER. THAT MEANS BALANCING THE ECONOMIC BENEFITS OF GAMING WITH

Balanced Scorecard

Goal 1: Employer of Choice: Choice Employees

What this means to us:

We will be recognized as a top employer in the marketplace, offering an excellent employee experience to a diverse workforce. Key priorities are performance management, learning and development, 50 percent Aboriginal representation, and ensuring that we provide an environment where employees can be successful.

Strategic Objectives (Measures)	2009 Target	2009 Actual	2010	2011	2012	2013
Best Employer Status (Hewitt) – Employee Engagement Survey	57%	55%	57%	60%	63%	67%
Performance assessments completed	85%	87.4%	n/a			
Aboriginal representation	45%	41.8%	42%	44%	46%	48%
Persons with disabilities representation	6.5%	5.8%	n/a			
Visible minorities representation	7.0%	11.7%	n/a			
Women in under-represented occupations	45.5%	<45.5%	n/a			

Variance Discussion

Best Employer Status (Hewitt) – Employee Engagement Survey
Sask Gaming employees completed the Best Employer in Canada Survey in June with a participation rate of 87 percent and an engagement score of 55 percent. This was a one percent increase in the engagement score from 2008. Sask Gaming continues to be in the "journey zone" to becoming a best employer and has made modest gains in 2009. The survey results indicated that the areas needing focus were career opportunities, managing performance, recognition, senior leadership and work processes. An action plan has been developed for 2010 to bring focus to those areas.

Aboriginal representation
Our aboriginal representation at year-end is 41.8 percent of the total workforce. In 2009 we enhanced our Aboriginal recruitment strategies and designated external hires as Aboriginal. In 2010, we will continue to closely monitor recruitment, selection, exit processes, and strategies in an effort to sustain positive net hires of Aboriginal people.

Persons with disabilities representation
Of our total workforce, at year-end 5.8 percent have self-identified as persons with a disability. We believe that our persons with a disability percentage is higher; however, employees do not always wish to self identify, in part due to the stigma that exists around disabilities. In the Best Employer in Canada survey, 7.4 percent of the respondents identified that they had a disability. The survey is confidential and anonymous and individuals may feel more comfortable in disclosing this information in confidence.

Visible minorities representation
Once again, we have exceeded our goal of 7.0 percent for visible minorities. As of December 31, 2009, 11.8 percent of our total workforce has self-identified.

Women in under-represented occupations (includes executive, senior management, trades and technical)
We continue to be under-represented in four occupational categories. The four groups under represented are Executive (43 percent), Directors (33 percent), Trades (20 percent) and Technical (4 percent). We were able to successfully recruit a candidate for a technical vacancy, which accounts for a slight increase in this category.

Strategic Initiatives for 2010

Provide our people with skills to be effective leaders

Sask Gaming is changing its culture and work environment to achieve stronger employee engagement, enhanced productivity, improved skill development for managers and management development training for Aboriginal employees.

Develop our people

Sask Gaming prides itself on being a learning organization, with investments in employee learning and development as a core part of the employee value proposition. Developing our people strongly contributes to the long-term success of the corporation. It drives employee engagement, attraction and retention, and enables our staff's ability to exceed our guests' expectations. In 2010, we will continue to invest in our people by promoting new work experiences, supporting employee learning and career development, and providing core training and job specific skill development.

Attraction, Selection and Retention of our People

In 2010, we are establishing a strong profile for Sask Gaming as a competitive and attractive employer by increasing our emphasis on recruitment and retention, modernizing our hiring practices, and forming new partnerships with post-secondary institutions, community agencies and other employers.

Development of partnerships with Aboriginal organizations, agencies and communities
Sask Gaming continues to offer great employment opportunities to the Aboriginal members of our community; however, traditional recruitment practices do not always attract qualified individuals to come into our workforce. The development of formal partnerships will represent an evolution of our current recruitment strategies and activities, and help us achieve our representative workforce goals. The focus will be on community agencies, training centres, post-secondary institutions, and communities.

Goal 2: Guest Experience Excellence

What this means to us:

We provide a "Wow" experience every time a guest enters our properties. Key focus areas will be ensuring that our properties are maintained at Five Star standards and that our employees are delivering on the Five Star service promises with every interaction.

Strategic Objectives (Measures)	2009 Target	2009 Actual	2010	2011	2012	2013
Net Promoter Score	12%	3.3%	n/a			
Mystery Shopper	3.8/5	3.9/5	80%	81%	82%	83%
Willingness to Recommend		73%	74%	75%	75%	76%

Variance Discussion

Net Promoter Score
The Net Promoter Score (NPS) measures net willingness to recommend. Respondents were asked if they were willing to recommend on a 10-point scale, with 10 being the highest and 0 the lowest. NPS is calculated as the percent of respondents who score 9-10, less the percent of respondents who score 0-6. NPS is more closely correlated to revenue growth than customer satisfaction. Our yearend score was 3.3.

In 2009, Sask Gaming began reporting the average willingness to recommend on a 10-point scale. In the results, this score has been expressed as a percentage. While we scored 73 percent, this year both properties confronted a series of challenges in maintaining customer willingness to recommend: the property refresh; loss of the Sunday buffet and free beverages; and a rise in parking rates.

Mystery Shopper
The December 2009 Mystery Shopper score was based on mystery shopper interactions with various staff. Mystery shoppers follow a series of pre-determined shopping scenarios and all interactions are measured and evaluated against the same set of customer service criteria and scored out of five. The results of a Mystery Shopper Survey provide an opportunity for both Casinos to share customer reactions with staff, to identify any gaps between the expected level of customer service and how customers perceive that service being delivered currently, and to provide staff with management expectations for future delivery of customer service. Throughout 2009, results exceeded the target.

Strategic Initiatives for 2010

Guest service strategy

At Sask Gaming we ensure "it's show time all the time."

Guest Service Strategy:
The strategy will encompass both internal customer service and external guest service, and combine best practice with existing service. The strategy will propose how the corporation can position itself for continuous improvement of guest service from our guests' viewpoints.

Deliver an "Always Entertaining" experience

We develop "Always Entertaining" gaming product experiences that exceed our guests' expectations.

Slot and Table Games Review
In 2010, we will be looking for ways to increase net revenue and improve guest experience by conducting an independent review of the effectiveness and efficiency of Sask Gaming's slot and table game business practices. The review will provide information on industry best practices on key slot and table game development activities and metrics.

Technology Enhancements
Upgrades to gaming technology in 2010 will include a core network infrastructure upgrade and an upgrade to the core gaming software. These changes will ensure Sask Gaming's technology meets the future needs of the business.

Deliver "Always Entertaining"
Sask Gaming will continue to implement initiatives to fulfill on our brand promise of delivering an "Always Entertaining" experience to our guests. In 2010, we will refine the Players Club Program offerings to increase the value of membership, offer a signature promotion, tailor our efforts to attract a new segment of guests, and celebrate big wins. Continued use of detailed research results will aid in the delivery of the appropriate products, at the optimal price points, with promotional and advertising support commensurate with guest expectations.

Goal 3: Community and Industry Leader

What this means to us:

We demonstrate leadership through our actions as champions of corporate social responsibility and best practices in the gaming industry. Key focus areas are responsible gaming, supporting the growth of Aboriginal business and Saskatchewan business, environmental stewardship, and community giving.

Strategic Objectives (Measures)	2009 Target	2009 Actual	2010	2011	2012	2013
Aboriginal procurement: percentage of total purchases ($000s in 2010)	1.26%	1.7% of total purchases	750	780	795	825
Saskatchewan procurement: percentage of total purchases ($000s in 2010)	74.45%	77.2% of total purchases	27,000	27,500	28,300	29,020
Effectiveness of the responsible gaming program	Implement the expanded plan/benchmark	9.572	n/a			
Casino visitor awareness of the responsible gaming program	Implement the expanded plan/benchmark	44%	44%	46%	48%	50%
Community awareness as a responsible corporation	Implement the expanded plan/benchmark	Deferred to 2010	n/a			
Percentage of net income awarded to sponsorships and community initiatives	1%	1.3%	n/a			
Reduction of greenhouse gas emissions through CIC carbon footprint project	Strategy and target development	Emissions data collection completed as per inventory plan	Set when consultant report available			

Variance discussion

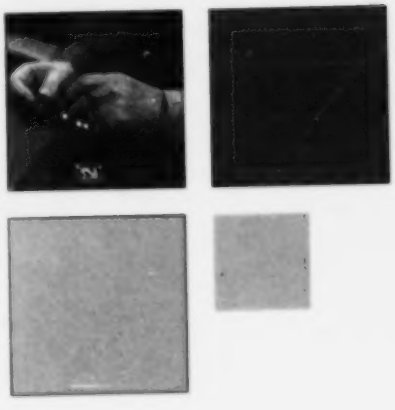
Aboriginal and Saskatchewan Procurement
We exceeded the target for both Aboriginal and Saskatchewan procurement. The target was 1.26 percent for Aboriginal procurement and the actual was 1.7 percent ($725,000). We purchased 77.2 percent ($32.9M) of goods and services from Saskatchewan businesses, exceeding the target of 74.45 percent. In 2008, 68.21 percent of our purchases were made in Saskatchewan; the overall increase in Saskatchewan procurement can be attributed to the costs of the property refresh at Casino Regina and Casino Moose Jaw.

Responsible Gaming
As part of its commitment to social responsibility, Sask Gaming introduced an expanded responsible gaming program in 2009 by developing a framework for the program as a foundation for direction and program development. The framework principles outline the players' responsibilities for their actions, staff training, guest access to information, and our commitment to support guests in self-exclusion decisions.

Effectiveness of Program
The program involves Responsible Gaming Specialists interacting with guests and builds on the ability of the iCare technology to identify players at risk. Over the past year the Responsible Gaming Specialists have completed and documented on average 26.4 interactions per day, exceeding the target of 26 interactions per day.

Casino Visitor Awareness
Visitor awareness of the responsible gaming program is at 44 percent, a three percent increase from 2008. We attribute this increase largely to interactions between the Responsible Gaming Specialists and guests.

Given that Responsible Gaming is a social and industry wide concern and priority, we are continuing to work with Saskatchewan partners to promote a consistent approach and improve lines of communication within the industry and stakeholders. In this work, we are participating with the Saskatchewan Liquor and Gaming Authority, Saskatchewan Indian Gaming Authority, the Saskatchewan Ministry of Health, the First Nations Addictions and Rehabilitation Foundation, the Western Canada Lottery Corporation, Sask Lotteries, Sask Sport Inc., and the Saskatchewan Ministry of Tourism, Parks, Culture and Sport. We are participating in a national collaboration to develop standards for responsible gaming programs across Canada. We are also enhancing our programs to detect self-excluded patrons before they enter our properties.



Community Investment

The Balanced Scorecard measure established in 2009 is a percentage of income before payment to the Province of Saskatchewan's General Revenue Fund and the target is 1 percent. When established, the measure referred only to community investment and the Corporate Affairs Sponsorship Policy. However, to better reflect the scale of the Corporation's community involvement and support we have also included marketing sponsorships (Marketing Sponsorship Policy). By year end, Sask Gaming awarded a total of 1.3 percent of net income (over $670,000) to community investment and marketing sponsorships combined.

CIC Carbon Footprint Project

Sask Gaming, along with SaskTel, has committed to CIC's Crown Sector Carbon Footprint. The project will include coordinating, compiling, calculating and reporting 2008 and 2009 GreenHouse Gas (GHG) emissions in accordance with the Climate Registry requirements. Sask Gaming has met with a greenhouse gas emissions consultant to develop a GHG Inventory Management Plan. Sask Gaming has captured and reported 2008 GHG emissions data.

Strategic Initiatives for 2010

Enhance Aboriginal procurement and partnerships

We will proactively build relationships and partnerships with Aboriginal stakeholders and businesses with a view to increasing purchases from Aboriginal suppliers.

Develop Aboriginal procurement practices and develop partnerships
Sask Gaming will increase the dollars spent on purchases from Aboriginal suppliers by sourcing additional Aboriginal suppliers and partnerships.

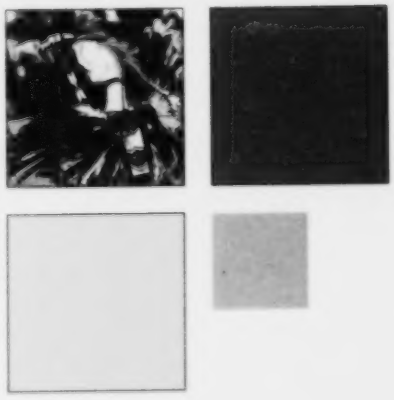
Continue to enhance the Responsible Gaming Strategy

Sask Gaming will ensure the Responsible Gaming program is active to help prevent and reduce the risks involved with gaming and to integrate responsible gaming considerations into our business.

Develop and implement a Responsible Gaming awareness program
Sask Gaming sustainability is based on our guests, employees, and community having an increased awareness that we offer gaming in a responsible manner. In-house activities to raise awareness with guests will be completed. Sask Gaming will also work with our provincial partners in their awareness-building activities. The Responsible Gaming Specialists will continue to increase awareness with guests and track interactions on a quarterly basis.

Participate in provincial and national collaboration to develop Responsible Gaming standards
Sask Gaming will develop standards for Responsible Gaming program development and delivery in collaboration with national and provincial partners. The gaming industry in Canada is working toward a common standard for Responsible Gaming programs and practices. Our approach is to develop responsible gaming programs and initiatives that help prevent and reduce the risks involved with gambling and to integrate responsible gaming considerations into our business.

Self-exclusion preventative measures
Sask Gaming will enhance its self-exclusion practices to ensure the policies and practices are inline with regulatory and legal requirements, as well as ensuring that we are doing our best to prevent self-excluded patrons from entering our properties.



Policy review of the Responsible Gaming program
Sask Gaming will conduct a risk-based review of the corporation's Responsible Gaming policies and practices. The outcome of the review will be to determine risk factors related to Responsible Gaming and implement recommendations that mitigate the risks.

Environmental Impact

Sask Gaming will complete an environmental impact scan, develop a plan and baseline targets for GHG emissions.

GHG Pilot Project
Sask Gaming will continue working with a GHG consultant to baseline its footprint. The results will be audited and published by the Climate Registry as part of the Crown Sector Carbon Footprint Project. The benchmark will be used to set carbon reduction targets for the corporation.

Community support, volunteers, and sponsorship

We will continue to reach out to our communities with support, volunteers and sponsorship of worthwhile events and organizations to enhance the quality of life for the people of Saskatchewan.

Develop Corporate Social Responsibility policy, best practices and communication plans.
In 2009, Sask Gaming developed its Corporate Social Responsibly framework. In 2010, we will consult our guests and employees for input and conduct a policy review.

Encourage employee volunteerism and community engagement
Community giving is one major component of our corporate social responsibility. Our approach to community giving is to improve the quality of life in our local communities by supporting programs, services and fundraising efforts focused on education and learning, health and wellness, and safety and security. We succeed when our employees are highly engaged with our community volunteer program and when the community and our guests are aware of, and support, our community giving efforts.

Goal 4: A Sustainable Corporation

What this means to us:

We demonstrate good governance and sound management practices to ensure the long term sustainability of the Corporation and our ability to provide an economic benefit to the community and profit for Saskatchewan people. Key focus areas are Corporate Governance, Enterprise Risk Management and Resource Management.

Strategic Objectives (Measures)	2009 Target	2009 Actual	2010	2011	2012	2013
Debt / equity ratio	50%	50.4%	51.1%	52.0%	54.3%	47.7%
Net income ($000s) before payment to GFR		50,768	50,472	54,094	55,878	57,862
EBITDA Margin		46.4%	45.2%	45.8%	45.9%	46.0%
Return on assets	63.5%	64.7%	n/a			
Net revenue growth	11.9%	3.1%	n/a			
Net operating income	37.6%	40.8%	n/a			

Variance Discussion

Net Revenue Growth
The 2009 budget was created during a period of optimism for Saskatchewan, which had been experiencing record resource income. Sask Gaming's revenue budget reflected that optimism and the strong results of 2008. The budget anticipated a slot revenue increase of 12.8 percent over 2008 results. The actual slot revenue growth was only 4.0 percent over 2008.

Net Operating Income
Management compensated for the revenue shortfall with strong expense management. This resulted in a favourable net operating income percentage.

Strategic Initiatives for 2010

Efficiency review

Sask Gaming will continue to re-assess business processes and practices across the casinos to ensure that the desired business outcomes are achieved efficiently.

Optimize revenue across product lines

Sask Gaming will review its major business lines, looking for ways to optimize revenue growth without compromising guest experience excellence.

Technology enhancements to improve information access, use and management

We will develop and implement technology that allows the corporation to make better use of information. During 2010, Sask Gaming will assess the implementation of an enterprise resource management system and a data warehouse.

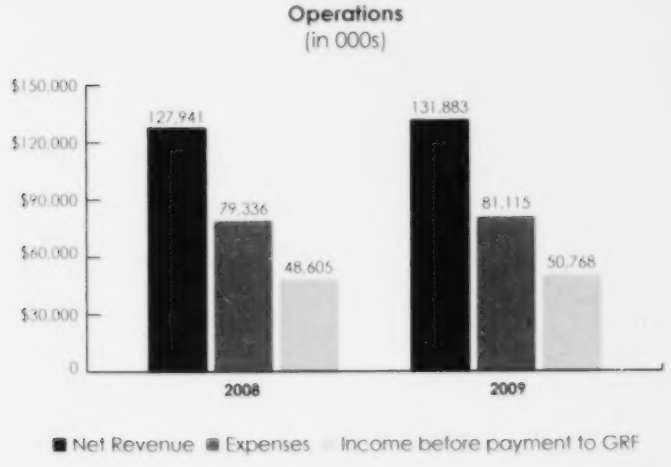
Gaming integrity

Each year Sask Gaming undertakes numerous audits of its gaming operations with both internal and external auditors. In addition, an internal control committee meets regularly to resolve issues and review and update policies. In 2010, we will be reviewing and implementing selected recommendations from the most recent audit.

Financial Results

Sask Gaming converted to a CIC Crown on April 1, 2008, and as a result its year-end changed to December 31. Consequently, comparative figures on the financial statements are for only nine months of operations, April 1, 2008 to December 31, 2008. For the purpose of the following discussion, comparisons will be made to the 12-month period January 1 to December 31 of 2008. However, as audited comparative figures are not available for this period the comparison is to unaudited numbers for 2008.

	For the year ended December 31			
(in 000s)	2009 Actual	2008 Actual (unaudited)	Change	%
Net revenue	$ 131,883	$ 127,941	$ 3,942	3.1
Expenses	81,115	79,336	1,779	2.2
Income before payment to GRF	$ 50,768	$ 48,605	$ 2,163	4.5
Payment to GRF	25,384	19,151	6,233	
Net Income	$ 25,384	$ 29,454	$ (4,070)	



Financial Highlights

Income before payment to the GRF increased by $2.16M from 2008 due to increased net revenues of $3.94M, offset by $1.78M in increased expenses.

Revenues:

(in 000s)	For the year ended December 31 2009 Actual	2008 Actual (unaudited)	Change	%
Slot revenue	$ 116,155	$ 111,661	$ 4,494	4.0
Table revenue	9,864	10,004	(140)	(1.4)
Food and beverage sales	9,896	10,031	(135)	(1.3)
Other revenues	5,852	5,675	177	3.1
Gross revenues	$ 141,767	$ 137,371	$ 4,396	3.2%
Promotional Allowances	6,757	6,005	752	12.5
Cost of goods sold	3,127	3,425	(298)	(8.7)
Net revenue	$ 131,883	$ 127,941	$ 3,942	3.1%

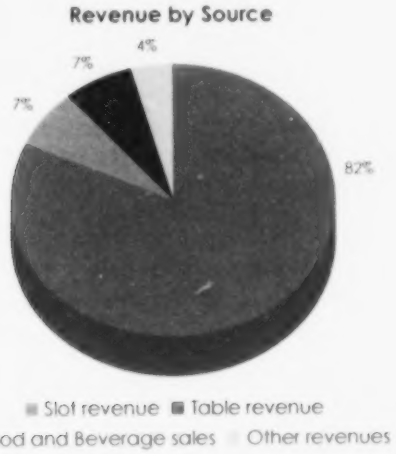
- Not unlike other industries, gaming was affected by the slowdown in Saskatchewan's economy during 2009; guest counts were lower in 2009 by approximately 3.3 percent. Slot revenue growth slowed in 2009 while table games revenue declined over 2008. In addition, there was an impact to operations due to renovations at both casinos that was ongoing throughout the year.

- Slot revenue comprises 82 percent of total gross revenues. The $4.4M increase in gross revenues was driven primarily by slot revenue growth, of $4.5M. This growth is attributable to an increase in guest spend per visit.

- Food and beverage, and table games experienced minor impacts during renovations that resulted in a revenue decrease from the prior year. Food and beverage sales were negatively impacted by temporary closures of each of the food and beverage outlets during renovations. Table revenues were also impacted by the ongoing renovations; table opening hours were reduced and a major poker tournament was cancelled.

- An increase in parking rates implemented in September 2008 contributed to an increase in the Other revenues catagory.

- Promotional allowances increased due primarily to use of gaming coupons to help increase guest visits. Parking coupons also increased due to the increase in parking rates.



Expenses:

(in 000s)	For the year ended December 31 2009 Actual	2008 Actual (unaudited)	Change	%
Direct operating	$ 69,106	$ 66,709	$ 2,397	3.6
Amortization	6,507	6,757	(250)	(3.7)
Interest	2,043	2,400	(357)	(14.9)
Taxes	3,459	3,470	(11)	(0.3)
	$ 81,115	$ 79,336	$ 1,779	2.2%

- Direct operating expenses were $2.4M higher, due mainly to increased salaries and benefits, offset by a reduction in equipment and supplies.
- Salaries and benefits increased $3.1M, due to additional staffing requirements and higher wage and benefit rates.
- Equipment related costs decreased $0.7M for one-time equipment replacement items that occurred in the prior year, offset by increased computer maintenance and gaming equipment rental.
- Amortization expense decreased due to a number of assets being fully amortized late in 2008 and early in 2009, resulting in no associated amortization expense, combined with the addition of new assets not occurring until late in the 2009 year.
- Interest expense reflects the loan amortization schedules. Additional debt of $6M was taken out in December 2009.

Outlook

Gaming and entertainment are discretionary consumer expenditures. As such, volatility in the economy that adversely affects customers' discretionary income and wealth have a negative impact on Sask Gaming revenues. Significant discretionary income is also being spent on entertainment services other than casino gaming. Sask Gaming will continue to position itself to encourage customers to choose casino entertainment.

The communities in which Casinos Regina and Moose Jaw operate continue to offer new entertainment alternatives for residents. For 2010, Sask Gaming expects modest revenue growth and net income equivalent to 2009 results.

Renovations to Casino Regina and Casino Moose Jaw will be complete early in 2010, eliminating disruptions and ensuring a Five Star property is available to guests. This, combined with Sask Gaming's continued focus on guest service excellence and renewed food and beverage offerings, will ensure that our guests' experience expectations are met. The recent renovations and the continued positive economic climate in Saskatchewan are expected to support an increase in guest visits; they are expected to be slightly ahead of 2009 levels.

Future Accounting Changes

In February 2008, the Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian generally accepted accounting principles (GAAP) for interim and annual reporting in the fiscal year beginning January 1, 2011, including comparative figures for the prior year. In September 2009, the Public Sector Accounting Board approved an amendment to the introduction to the Public Sector Accounting Handbook confirming the direction which requires Government Business Enterprises, including Sask Gaming, to adopt IFRS.

Sask Gaming has commenced an IFRS conversion project, including initiating the development of a high level IFRS implementation plan. An external advisor has been engaged to assist with the development of this plan and to perform a detailed review of the major differences between current Canadian GAAP and IFRS as they relate to the Corporation. Based on the analysis to date, the most significant areas of differences are related to accounting for property, plant and equipment, and promotional allowances. The impact of the transition to IFRS on the financial statements continues to be assessed.

CLEAR BENEFITS AND CLEAR VISION – DELIVERING CLEAR BENEFITS IS ABOUT ACHIEVING BALANCE. SASK GAMING PROVIDES CASINO ENTERTAINMENT IN A SOCIALLY RESPONSIBLE MANNER. THAT MEANS BALANCING THE ECONOMIC BENEFITS OF GAMING WITH THE LONG-TERM WELL-BEING OF OUR COMMUNITIES AND EMPLOYEES WHILE OFFERING QUALITY ENTERTAINMENT.

"A refreshing change"

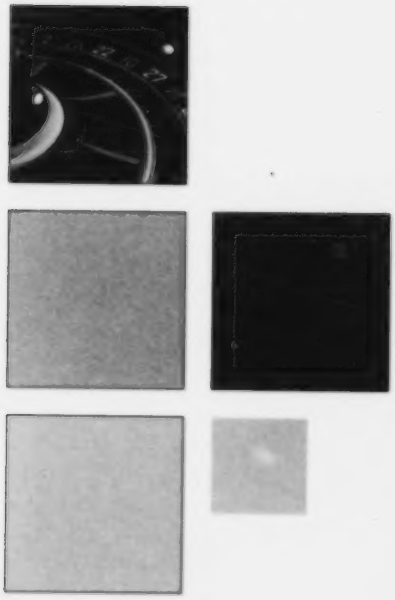
To continue to enhance and improve our guest experience, in 2009, we spent over $9.7 million to refresh our facilities. We replaced carpet and draperies, improved the Show Lounge, enhanced our employee areas, and brought a fresh new look to the casinos. This project will be completed in 2010.

Our ambassador service ensured that 5,355 guests and employees received a safe ride home. Over 31,350 guests used our shuttle service and more than 7,400 guests used our valet parking.

"We always aim high, and that includes managing our future and growing our revenue."
– Tony Coppola, Senior Vice President, Finance and Administration

Consolidated Financial Statements
Saskatchewan Gaming Corporation

For the Year Ended December 31, 2009



Management's Report on Financial Statements

The accompanying financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. Financial information included elsewhere in this annual report is consistent with that in the financial statements. Management is responsible for the integrity, objectivity and reliability of the financial statements.

The financial statements for the year ended December 31, 2009 have been approved by the Saskatchewan Gaming Corporation's Board of Directors.

Management of the corporation has established (and maintains) a system of internal controls, providing assurance that transactions are recorded and executed in compliance with legislation and authority, assets are safeguarded, there is an effective segregation of duties and responsibilities, and reliable records are maintained. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit and Finance Committee of the Board.

The Corporation's independent auditors, Deloitte & Touche LLP, on behalf of management have examined the Corporation's financial statements as at December 31, 2009. The auditor's report, which follows, outlines the scope of their examination and sets forth their opinion.

Twyla Meredith
President and CEO

Tony Coppola
Senior Vice President
Finance and Administration

January 29, 2010

Management's Report on Internal Control over Financial Reporting

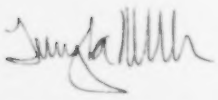
I, Twyla Meredith, the President and CEO of the Saskatchewan Gaming Corporation, and I, Tony Coppola, the Senior Vice President Finance and Administration of the Saskatchewan Gaming Corporation, certify the following:

a. That we have reviewed the financial statements included in the Annual Report of the Saskatchewan Gaming Corporation (Sask Gaming). Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of December 31, 2009.

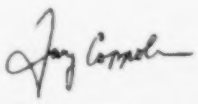
b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of Sask Gaming do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

c. That Sask Gaming is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Sask Gaming has designed internal controls over financial reporting that are appropriate to the circumstances of Sask Gaming.

d. That Sask Gaming conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, Sask Gaming can provide reasonable assurance that internal controls over financial reporting as of December 31, 2009 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.



Twyla Meredith
President and CEO



Tony Coppola
Senior Vice President
Finance and Administration

January 29, 2010

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the consolidated statement of financial position of the Saskatchewan Gaming Corporation as at December 31, 2009 and the consolidated statements of operations and comprehensive income, retained earnings and cash flows for the year then ended. The Corporation's management is responsible for preparing these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Regina, Saskatchewan

January 29, 2010

Consolidated Statement of Financial Position
As at December 31

	2009 (in 000s)	2008 (in 000s)
ASSETS		
Current assets:		
Cash	$ 14,482	$ 23,780
Accounts receivable	345	918
Inventory	357	276
Prepaid expenses	433	205
	15,617	25,179
Property, plant and equipment (Note 3)	62,794	56,858
	$ 78,411	$ 82,037
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 9,123	$ 8,896
Payable to the General Revenue Fund (Note 1)	5,564	5,801
Dividend payable	5,818	5,298
Current portion of long-term debt (Note 4)	5,490	5,105
Current portion of capital lease obligation (Note 5)	900	900
	26,895	26,000
Long-term debt (Note 4)	16,023	15,513
Capital lease obligation (Note 5)	6,781	6,889
	49,699	48,402
Equity advance (Note 11)	19,805	29,805
Retained earnings	8,907	3,830
	28,712	33,635
	$ 78,411	$ 82,037

Commitments (Note 6)

On behalf of the Board:

Director

Director

(See accompanying notes)

Consolidated Statement of Operations and Comprehensive Income

	Twelve months Ended December 31, 2009 (in 000s)	Nine months Ended December 31, 2008 (in 000s)
Revenue:		
Gaming revenues	$ 126,019	$ 92,879
Ancillary revenues	15,748	12,279
	141,767	105,158
Less:		
Promotional allowances	6,757	4,504
Ancillary cost of goods sold	3,127	2,633
	131,883	98,021
Operating expenses (Note 7)	81,115	59,719
Income before payment to the General Revenue Fund	50,768	38,302
Payment to General Revenue Fund (Note 1)	25,384	19,151
Net Income	25,384	19,151
Other comprehensive income	–	–
Comprehensive income	$ 25,384	$ 19,151

Saskatchewan Gaming Corporation

Consolidated Statement of Retained Earnings

	Twelve months Ended December 31, 2009 (in 000s)	Nine months Ended December 31, 2008 (in 000s)
Retained earnings, beginning of the period	$ 3,830	$ –
Net income	25,384	19,151
Dividends	20,307	15,321
Retained earnings, end of the period	$ 8,907	$ 3,830

(See accompanying notes)

Consolidated Statement of Cash Flows

	Twelve months Ended December 31, 2009 (in 000s)	Nine months Ended December 31, 2008 (in 000s)
Operating activities:		
Net income	$ 25,384	$ 19,151
Items not involving cash:		
Amortization	6,502	4,859
(Gain) loss on sale of property, plant and equipment	(4)	11
Changes in non-cash working capital balances:		
Accounts receivable	573	(689)
Inventory	(81)	(24)
Prepaid expenses	(228)	(1)
Accounts payable and accrued liabilities	(10)	381
	32,136	23,688
Investing activities:		
Proceeds from sale of property, plant and equipment	52	–
Additions to property, plant and equipment	(12,486)	(3,227)
	(12,434)	(3,227)
Financing activities:		
Payment to General Revenue Fund	–	(24,004)
Long-term debt from General Revenue Fund	6,000	–
Equity advance paid (to) from CIC	(10,000)	29,805
Dividends paid	(19,787)	(10,023)
Repayment of capital lease obligation	(108)	(74)
Repayment of long-term debt	(5,105)	(3,592)
	(29,000)	(7,888)
Net (decrease) increase in cash	(9,298)	12,573
Cash, beginning of the period	23,780	11,207
Cash, end of the period	$ 14,482	$ 23,780
Supplemental Information:		
Cash interest paid	$ 2,061	$ 1,787

(See accompanying notes)

Notes to the Consolidated Financial Statements
December 31, 2009

1. Description of Business

The Saskatchewan Gaming Corporation (SGC) manages and operates Casino Regina and Casino Moose Jaw. SGC was established under *The Saskatchewan Gaming Corporation Act, 1994* (Act) to provide for separation of regulatory and operational aspects of gaming. SGC must operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997*. Regulation of SGC's operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

Effective April 1, 2008, SGC operates under the direction of the Crown Investments Corporation of Saskatchewan (CIC). As a CIC Crown, SGC's fiscal year end changed to December 31.

SGC will pay monies to the General Revenue Fund to the extent required to meet the Government's obligations under the *The Saskatchewan Gaming Corporation Act, 1994* to the First Nations Trust, the Community Initiatives Fund, and the Métis Development Fund. In addition, SGC will now pay dividends to CIC as per its directions. As a provincial Crown corporation, SGC is not subject to federal or provincial income or capital taxes.

Prior to April 1, 2008, SGC was a Treasury Board Crown and paid all of its net profits to the General Revenue Fund.

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies which have been adopted are described below.

a) Basis of Consolidation

The consolidated financial statements include the accounts of Saskatchewan Gaming Corporation and its wholly-owned subsidiary, SGC Holdings Inc. which is incorporated under *The Business Corporations Act (Saskatchewan)*. All intercompany transactions and accounts have been eliminated on consolidation.

b) Revenue

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and pay-outs by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots and liabilities under the players club program. Food, beverage and parking revenue is recognized when the good and services are provided. Show Lounge revenue is recognized when the event occurs.

c) Players Club Program

As part of its customer loyalty initiative, SGC offers a Players Club Program to patrons. Under the program, club members accumulate reward points or dollars based on the amounts wagered and time spent playing on slot machines and tables. Members can redeem their points for cash or vouchers. SGC records the points earned as a reduction of gaming revenue.

d) Promotional Allowances

The retail value of goods and services furnished to casino guests without charge is included in revenue and then deducted as promotional allowances.

e) Inventory

Inventory is stated at the lower of cost and net realizable value. The cost of inventory is determined using the most recent cost.

f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Assets are amortized commencing
in the year in which assets are placed in service using the straight-line method over their useful lives as follows:

Building and renovations	Five to forty years
Gaming equipment	Three to five years
Computer equipment	Three to five years
Furniture and equipment	Three to five years

g) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the
current year.

h) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported value of assets and liabilities and the disclosure of contingent liabilities and commitments at the date of the financial statements and the amounts of revenues and expenses for the year then ended. Significant items subject to estimates include the carrying amounts of property, plant and equipment and underlying estimations of useful lives and certain accrued liabilities. Actual results could differ from those estimates.

i) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash is classified as held-for-trading and is recorded at fair value. Accounts receivable are classified as loans and receivables, and are recorded at amortized cost. Amortized cost approximates fair value due to the short-term nature of these instruments.

Accounts payable and accrued liabilities, payable to the General Revenue Fund, and dividend payable, are classified as other liabilities and are recorded at amortized cost. Amortized cost approximates fair value due to the short-term nature of these instruments. Long-term debt and capital lease obligation are classified as other liabilities and are recorded at amortized cost using the effective interest method.

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature, and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The fair values of long-term debt and capital lease obligation are estimated by discounting the expected future cash flows using the interest rate of a Government of Canada bond with similar terms, adjusted for an appropriate risk premium.

j) Change in Accounting Policy

In June 2009, the CICA issued an amendment to Handbook Section 3862, Financial Instruments – Disclosures, to provide improvements to fair value and liquidity risk disclosures. As this standard amendment only addresses disclosure requirements, there is no impact on SGC's operating results.

k) Recent Accounting Pronouncements

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for interim and annual reporting in the fiscal year beginning on or after January 1, 2011, including comparative figures for the prior year. In September 2009, the Public Sector Accounting Board approved an amendment to the introduction to the Public Sector Accounting Handbook confirming the direction which requires Government Business Enterprises, including SGC, to adopt IFRS.

SGC commenced an IFRS conversion project including initiating the development of a high level IFRS implementation plan. The impact of the transition to IFRS on SGC's financial statements continues to be assessed.

3. Property, plant and equipment

	December 31, 2009 (in 000s)			December 31, 2008 (in 000s)
	Cost	Accumulated Amortization	Net Carrying Amount	Net Carrying Amount
Building and renovations	$ 70,055	$ 22,113	$ 47,942	$ 39,711
Gaming equipment	13,857	8,854	5,003	7,381
Land	5,218	–	5,218	5,218
Computer equipment	9,146	7,138	2,008	2,838
Furniture and equipment	5,681	3,058	2,623	1,710
	$103,957	$ 41,163	$ 62,794	$ 56,858
Included in the above are the following assets under capital lease:				
Building	$ 7,277	$ 1,334	$ 5,943	$ 6,125
Land	990	–	990	990
Total Assets under capital lease	$ 8,267	$ 1,334	$ 6,933	$ 7,115

4. Long-Term Debt

	December 31, 2009 (in 000s)	December 31, 2008 (in 000s)
Land and Building Loan, repayable in monthly instalments of $256,715 including interest at 9.2 %, due April 1, 2011	$ 3,852	$ 6,447
Building Loan, repayable in monthly instalments of $76,572 including interest at 6.48 %, due December 1, 2016	5,160	5,724
Building Loan, repayable in monthly instalments of $67,790 including interest at 6.17 %, due December 1, 2016	4,614	5,126
Equipment Loan, repayable in monthly instalments of $129,529 including interest at 4.527 %, due March 28, 2011	1,887	3,321
Debt from the General Revenue Fund, bearing interest at 2.85 % per annum, due December 1, 2014. Interest is paid semi-annually	6,000	–
	21,513	20,618
Less current portion	5,490	5,105
	$ 16,023	$ 15,513

The above loans, excluding the debt from the General Revenue Fund, are secured by assets and shares of SGC Holdings Inc. and may only be repaid early with a penalty.

Principal repayments required in the next five years are as follows:

	(in 000s)
2010	$ 5,490
2011	2,616
2012	1,300
2013	1,385
2014	7,476
2015 and subsequent	3,246
	$ 21,513

5. Capital Lease Obligation

Beginning in September 2002, SGC leased the Casino Moose Jaw property for 25 years at an annual cost of $900,000 for the first 10 years, and $955,000 annually thereafter. At the end of the lease, SGC will acquire the property for the sum of one dollar.

The minimum payments under the lease obligation are as follows:

	(in 000s)		
	Building	**Land**	**Total**
2010	$ 792	$ 108	$ 900
2011	792	108	900
2012	808	110	918
2013	841	114	955
2014	841	114	955
2015 and subsequent	10,650	1,448	12,098
Total minimum lease payments	14,724	2,002	16,726
Amount representing interest at 10.3 %	(7,962)	(1,083)	(9,045)
Balance	6,762	919	7,681
Less current portion	(792)	(108)	(900)
	$ 5,970	$ 811	$ 6,781

6. Commitments

a) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SGC entered into an agreement with the Association to fulfil previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the termination provisions of the agreement, SGC agreed to pay the Association monthly payments of $235,417 for the first year following termination of the agreement and, subject to certain conditions, monthly payments of $216,667 until 2027.

b) Agreement with Moose Jaw Exhibition Company Ltd. (MJEX)

On July 31, 2001, SGC entered into an agreement with MJEX regarding the maintenance of a certain level of income upon the opening of Casino Moose Jaw.

Under this agreement, SGC agreed to pay MJEX $34,583 monthly, subject to certain conditions, starting in 2003 and continuing until 2028.

7. Expenses by Object

	Twelve months ended December 31, 2009 (in 000s)	Nine months ended December 31, 2008 (in 000s)
Salaries and benefits	$ 42,080	$ 30,245
Marketing, communication and entertainment	8,931	6,665
Utilities, insurance, supplies and maintenance	7,978	6,124
Amortization	6,502	4,859
Contractual obligations (Notes 6a and 6b)	3,015	2,261
Interest – long-term debt	1,251	1,166
Interest – capital lease obligation and other	792	601
Taxes (Note 8)	3,459	2,397
Professional services	1,828	1,126
Uniforms, recruitment and training	1,520	1,649
Lease and rental	2,574	1,759
Other operating expenses	1,185	867
Total expenses	$ 81,115	$ 59,719

8. Taxes

SGC is on the prescribed list of lottery corporations pursuant to Section 188 of *The Excise Tax Act*. In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SGC calculates and remits GST according to a formula prescribed by the Canada Revenue Agency. The formula requires SGC to pay 10 % (12 % up to January 2008) on the purchase of goods and services related to gaming activities.

GST and provincial sales tax on leased equipment is expensed over the term of the lease. Also included in taxes are grants in lieu of property tax.

9. Pension Plan

Substantially all of SGC's permanent employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan administered by the Plan's Board of Directors, using staff and facilities provided by CIC. SGC's financial obligation is limited to making the employer's required contributions for current service. During the year, SGC expensed $1,806 thousand (for the nine months ended December 31, 2008 - $1,236 thousand) for the employer's required contributions.

10. Bank Indebtedness

SGC has established a line of credit of $2M with its financial institution. The line of credit is unsecured. Interest is charged on the line of credit at the bank's prime rate.

SGC did not have any amount owing on the line of credit at December 31, 2009 (zero balance owing at December 31, 2008).

11. Equity Advance

SGC does not have share capital. However, SGC has received an advance from CIC which represents an equity investment by CIC. During the year, $10 million was repaid to CIC (for the nine months ended December 31, 2008 – zero).

12. Capital Disclosures

SGC's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of the Corporation, and to ensure adequate returns to the shareholder.

SGC funds its capital requirements through internal operating activities and debt. By Order-in-Council, SGC may only borrow up to $56.2 million, which includes capital leases and temporary loans. SGC also has an available line of credit of $2 million at a financial institution.

SGC monitors its capital structure using the percent debt ratio. The ratio is calculated as total debt divided by total capital. Total debt includes long and short term debt and capital lease. Capital includes total debt, equity advance and retained earnings at the period end.

For fiscal 2009, SGC's goal was a debt to equity ratio of 50 %.

The debt ratio is as follows:

	2009 (in 000s)	2008 (in 000s)
Long-term debt	$ 21,513	$ 20,618
Capital lease obligation	7,681	7,789
Total debt	29,194	28,407
Equity advance from CIC	19,805	29,805
Retained earnings	8,907	3,830
Total capital	$ 57,906	$ 62,042
Debt ratio	50.4%	45.8%

13. Financial Instruments and Risk Management

a) Fair Value

The following table presents the carrying amount and fair value of SGC's financial instruments. The table also identifies the financial instrument category and fair value hierarchy.

			2009 (in 000s)		2008 (in 000s)	
Financial Instruments	Classification[1]	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	HFT	Level 1	$14,482	$14,482	$23,780	$23,780
Accounts receivable	L&R	N/A	345	345	918	918
Accounts payable and other accrued liabilities	OFL	N/A	9,123	9,123	8,896	8,896
Payable to the General Revenue Fund	OFL	N/A	5,564	5,564	5,801	5,801
Dividend payable	OFL	N/A	5,818	5,818	5,298	5,298
Long-term debt	OFL	N/A	21,513	22,663	20,618	22,640
Capital lease obligation	OFL	N/A	7,681	8,666	7,789	9,030

[1] Classification: HFT - Held-for-trading • L&R - Loans and receivables • OFL - Other financial liabilities

b) Foreign Exchange Risk

SGC faces exposure to the U.S./Canadian dollar exchange rate through the purchase of goods and services payable in the U.S. dollar. The risk is not considered significant.

c) Interest Rate Risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SGC may be exposed to interest rate risk on future borrowings, however this risk is not considered significant. SGC has not provided a sensitivity analysis of the impact of interest rate changes on net income as all of SGC's debt is at fixed rates and no amounts mature within the next twelve months.

d) Credit Risk

SGC does not extend credit to its gaming customers. Credit risk is limited to its accounts receivable balance which consists primarily of credit extended to business entities for business functions held at the Show Lounge. Credit risk is not considered significant.

e) Liquidity Risk

Liquidity risk is the risk that SGC is unable to meet its financial commitments as they become due or can only do so at excessive cost. SGC manages its cash resources based on financial forecasts and anticipated cash flows. The following summarizes the contractual maturities of SGC's financial liabilities as at December 31, 2009:

		Contractual cash flows					
Financial Liabilities	**Carrying Amount**	**Total**	**0 – 6 months**	**7 – 12 months**	**1 – 2 years**	**3 – 5 years**	**More than 5 years**
Accounts payable and accrued liabilities	$ 9,123	$ 9,123	$ 9,123	$ –	$ –	$ –	$ –
Payable to GRF	5,564	5,564	5,564	–	–	–	–
Dividend payable	5,818	5,818	5,818	–	–	–	–
Debt	21,513	25,034	3,269	3,269	3,321	11,710	3,465
Capital Lease	7,681	16,726	450	450	900	2,828	12,098
	$49,699	$62,265	$24,224	$ 3,719	$ 4,221	$14,538	$15,563

Management believes its ability to generate funds will be adequate to support these financial liabilities.

14. Related Party Transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year-end are as follows:

	Twelve months ended December 31, 2009 (in 000s)	Nine months ended December 31, 2008 (in 000s)
Revenues	$ 38	$ 51
Expenses	3,815	3,156
Accounts payable and accrued liabilities	169	458
Accounts receivable	38	742

In addition, SGC pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SGC also collects liquor consumption tax from customers and remits to the Saskatchewan Ministry of Finance.

Other amounts and transactions due to and from related parties are described separately in these consolidated financial statements and the notes thereto

15. Comparative Figures

Certain of the prior year's balances have been reclassified to conform with the current year's presentation.

CLEAR BENEFITS AND CLEAR VISION – DELIVERING CLEAR BENEFITS IS ABOUT ACHIEVING BALANCE. SASK GAMING PROVIDES CASINO ENTERTAINMENT IN A SOCIALLY RESPONSIBLE MANNER. THAT MEANS BALANCING THE ECONOMIC BENEFITS OF GAMING WITH THE LONG-TERM WELL-BEING OF OUR COMMUNITIES AND EMPLOYEES WHILE OFFERING QUALITY ENTERTAINMENT.

"We love to give back"

Our sponsorship programs contributed $670,000 to 300 community groups and charities in 2009. Examples include the United Way of Regina, Moose Jaw Health Foundation, First Nations Summer Games, National Aboriginal Day, the Moose Jaw Charity Road Race, Food Banks in Moose Jaw and Regina, as well as sports teams like the Saskatchewan Roughriders, Regina Pats and Moose Jaw Warriors.

In 2009, the Show Lounge and Coachroom were provided to 42 charitable and community organizations to use for their fundraising events. These in-kind donations equal an additional $73,500 of support and the organizations raised $380,000 for their programs.

Over the year 100 employees and their family members donated 600 hours of personal time to our fundraising activities and community volunteerism.

Sask Gaming revenue is transferred to the General Revenue Fund (GRF) to support the First Nations Trust, the Community Initiatives Fund, and the Métis Development Fund. Since 1996, Sask Gaming has transferred $362 million to the GRF. In addition, in 2009 we paid a dividend of $20.3 million to CIC.

In 2009 over $36 million (74 percent of total purchases) was spent procuring goods and services from Saskatchewan suppliers, with more than $725,000 of this from Aboriginal sources.

Our Student Awards Program awarded 12 scholarships totaling $29,000 in 2009. The student awards are available from the University of Regina, the University of Saskatchewan, the Saskatchewan Institute of Applied Science and Technology, and the Saskatchewan Indian Institute of Technologies. Five of these awards are designated for Aboriginal students.

"We operate our businesses in communities and being part of those communities and giving back is part of our foundation." – Lynn Armstrong, Acting Vice President, Corporate Services

Financial Statements
SGC Holdings Inc.

For the Year Ended December 31, 2009

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of financial position of SGC Holdings Inc. as at December 31, 2009 and the statements of operations and comprehensive income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Regina, Saskatchewan

January 29, 2010

Statement of Financial Position
As at December 31

	2009	2008
ASSETS		
Current assets:		
Cash	$ 820,137	$ 307,051
Prepaid expenses	45,259	–
Current portion of lease receivable (Note 3)	10,575,344	8,844,338
	11,440,740	9,151,389
Long-term lease receivable (Note 3)	24,328,365	22,417,148
	$ 35,769,105	$ 31,568,537
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 421,106	$ 47,304
Due to SGC (Note 4)	19,830,876	10,899,596
Current portion of long-term debt (Note 5)	5,490,129	5,105,064
	25,742,111	16,051,964
Long-term debt (Note 5)	10,023,416	15,513,181
Total liabilities	35,765,527	31,565,145
Equity:		
Share capital (Note 8)	1,000	1,000
Retained earnings	2,578	2,392
	3,578	3,392
	$ 35,769,105	$ 31,568,537

On behalf of the Board:

Director

Director

(See accompanying notes to the financial statements)

SGC Holdings Inc.

Statement of Operations and Comprehensive Income

	Twelve months Ended December 31, 2009	Nine months Ended December 31, 2008
Revenue:		
Bank interest and other	$ 2,939	$ 6,805
Expenses:		
Bank charges and other	361	221
Foreign exchange loss	–	4,192
	361	4,413
Net income	2,578	2,392
Other comprehensive income	–	–
Comprehensive income	$ 2,578	$ 2,392

SGC Holdings Inc.

Statement of Retained Earnings

	Twelve months Ended December 31, 2009	Nine months Ended December 31, 2008
Retained earnings (deficit) beginning of the period	$ 2,392	$ (39,915)
Net income	2,578	2,392
Transfer from SGC	–	39,915
Less dividends to SGC	2,392	–
Retained earnings, end of period	$ 2,578	$ 2,392

(See accompanying notes to the financial statements)

SGC Holdings Inc.

Statement of Cash Flows

	Twelve months Ended December 31, 2009	Nine months Ended December 31, 2008
Operating activities:		
Net income	$ 2,578	$ 2,392
Changes in non-cash working capital balances:		
Prepaid expenses	(45,259)	–
Accounts payable and accrued liabilities	373,802	(156,746)
	331,121	(154,354)
Investing activities:		
Purchase of property, plant and equipment for lease	(12,486,512)	(3,227,328)
Lease payments received from SGC	8,844,289	6,443,502
	(3,642,223)	3,216,174
Financing activities:		
Transfer from SGC	–	39,915
Dividends paid	(2,392)	–
Increase in due to SGC	8,931,280	676,650
Repayment of long-term debt	(5,104,700)	(3,591,940)
	3,824,188	(2,875,375)
Net increase in cash	513,086	186,445
Cash, beginning of period	307,051	120,606
Cash, end of period	$ 820,137	$ 307,051

(See accompanying notes to the financial statements)

Notes to the Financial Statements
December 31, 2009

1. Description of Business

SGC Holdings Inc. (SGC Holdings) was incorporated under *The Business Corporations Act (Saskatchewan)* and is a wholly owned subsidiary of the Saskatchewan Gaming Corporation (SGC). As a subsidiary of a CIC (Crown Investments Corporation) Crown, SGC Holdings is not subject to federal or provincial income or capital taxes. Since its inception, SGC Holdings purchases property, plant and equipment and leases them to SGC for the operation of Casino Regina and Casino Moose Jaw. The financial results of SGC Holdings are included in the consolidated financial statements of SGC.

SGC Holdings changed its fiscal year end from March 31 to December 31, effective December 31, 2008 to be consistent with that of its parent. Accordingly, SGC Holdings has a 12-month fiscal period ended December 31, 2009 compared to a nine-month fiscal period ended December 31, 2008.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

a) Revenue

Revenue is recognized in the period that is earned.

b) Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. Translation gains and losses on foreign currency denominated monetary items are taken into income in the current year.

c) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported value of assets and liabilities and the disclosure of contingent liabilities and commitments at the date of the financial statements and the amounts of revenues and expenses for the year then ended. Actual results could differ from those estimates.

d) Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash is classified as held-for-trading and is recorded at fair value. Lease receivable is classified as loans and receivables and is recorded at amortized cost. Amortized cost approximates fair value due to the nature of this instrument.

Accounts payable and accrued liabilities and due to SGC are classified as other liabilities and are recorded at amortized cost. Amortized cost approximates fair value due to the short-term nature of these instruments. Long-term debt is classified as other liabilities and is recorded at amortized cost.

Fair values approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics such as risk and remaining maturities. Fair value measurements are subjective in nature, and represent point-in-time estimates which may not reflect fair value in the future.

The methods and assumptions used to develop fair value measurements have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs other than quoted prices included in Level one that are observable for the asset or liability. Level three includes inputs that are not based on observable market data.

The fair value of long-term debt is estimated by discounting the expected future cash flows using the interest rate of a Government of Canada bond with similar terms, adjusted for an appropriate risk premium.

e) Change in Accounting Policy

In June 2009, the CICA issued an amendment to Handbook Section 3862, Financial Instruments – Disclosures, to provide improvements to fair value and liquidity risk disclosures. As this standard amendment only addresses disclosure requirements, there is no impact on SGC Holdings' operating results.

f) Recent Accounting Pronouncements

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) for interim and annual reporting in the fiscal year beginning on or after January 1, 2011, including comparative figures for the prior year. In September 2009, the Public Sector Accounting Board approved an amendment to the introduction to the Public Sector Accounting Handbook confirming the direction which requires Government Business Enterprises, including SGC Holdings as a subsidiary of SGC to adopt IFRS.

SGC Holdings has commenced an IFRS conversion project including initiating the development of a high level IFRS implementation plan. The impact of the transition to IFRS on SGC Holdings' financial statements continues to be assessed.

3. Long-term Lease Receivable

SGC Holdings entered into a direct financing lease agreement with SGC for building and equipment. SGC Holdings records the cost of the leased assets as lease receivable from SGC and SGC records the equivalent amount as property, plant and equipment. The receivable is non-interest bearing and has minimum repayments as follows:

2010	$ 10,575,333
2011	7,459,149
2012	5,445,109
2013	4,624,121
2014	3,821,206
2015 and subsequent	2,978,791
Total minimum payments receivable	34,903,709
Less current portion	10,575,344
	$ 24,328,365

Due to the nature of this receivable, amortized cost approximates fair value.

4. Due to SGC

Amounts due to SGC are non-interest bearing and payable on demand. These amounts represent payments made by SGC oh behalf of SGC Holdings which have not yet been reimbursed.

5. Long-Term Debt

	December 31, 2009	December 31, 2008
Land and Building Loan, repayable in monthly instalments of $256,715 including interest at 9.2 %, due April 1, 2011	$ 3,851,656	$ 6,446,755
Building Loan, repayable in monthly instalments of $76,572 including interest at 6.48 %, due December 1, 2016	5,159,924	5,724,416
Building Loan, repayable in monthly instalments of $67,790 including interest at 6.17 %, due December 1, 2016	4,614,613	5,126,110
Equipment Loan, repayable in monthly instalments of $129,529 including interest at 4.527 %, due March 28, 2011	1,887,352	3,320,964
	15,513,545	20,618,245
Less current portion	5,490,129	5,105,064
	$ 10,023,416	$ 15,513,181

The above loans are secured by assets and shares of SGC Holdings. The above loans may only be repaid early with a penalty. Principal repayments required in the next five years are as follows:

2010	$ 5,490,129
2011	2,615,893
2012	1,300,476
2013	1,385,275
2014	1,475,606
2015 and subsequent	3,246,166
	$ 15,513,545

Under an agreement between SGC and SGC Holdings, SGC is responsible for paying the interest portion of the loans directly to the lenders. Accordingly, these financial statements do not show the cost of servicing this debt. For the twelve months ended December 31, 2009, SGC's financial statements include interest expense of $1,236,993 (For the nine months ended December 31,2008 - $1,165,711) related to this debt.

6. Financial Instruments and Risk Management

a) Fair Value

The following table presents the carrying amount and fair value of SGC Holdings' financial instruments. The table also identifies the financial instrument category and fair value hierarchy.

			2009		2008	
Financial Instruments	Classification[1]	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	HFT	Level 1	$ 820,137	$ 820,137	$ 307,051	$ 307,051
Lease receivable	L&R	N/A	34,903,709	34,903,709	31,261,486	31,261,486
Accounts payable and other accrued liabilities	OFL	N/A	421,106	421,106	47,304	47,304
Due to SGC	OFL	N/A	19,830,876	19,830,876	10,899,596	10,899,596
Long-term debt	OFL	N/A	15,513,545	16,689,474	20,618,245	22,639,805

Classification: HFT - Held-for-trading • L&R - Loans and receivables • OFL - Other financial liabilities

b) Foreign exchange risk

SGC Holdings faces exposure to the U.S./Canadian dollar exchange rate through the purchase of property, plant and equipment that are payable in U.S. dollars. The risk is not considered significant.

c) Interest rate risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. SGC Holdings may be exposed to interest rate risk on future borrowings, however this risk is not considered significant. SGC Holdings has not provided a sensitivity analysis of the impact of interest rate changes on net income as all of SGC Holdings' debt are at fixed rates and none is subject to maturity in the next twelve months.

7. Capital Disclosures

SGC Holdings' capital is managed in conjunction with its parent, the Saskatchewan Gaming Corporation. SGC Holdings is in compliance with all external requirements.

8. Share Capital

	December 31, 2009	December 31, 2008
Authorized		
Unlimited voting common shares with no par value		
Unlimited non-voting preferred shares with no par value		
Issued and outstanding		
100 common shares	$ 1,000	$ 1,000

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

SGC Holdings has not been charged with administration costs. These costs have been absorbed by SGC.

In addition, SGC Holdings pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other amounts and transactions due to and from related parties are described separately in these consolidated financial statements and the notes thereto.

Corporate Governance

Governance

The Saskatchewan Gaming Corporation was established by *The Saskatchewan Gaming Corporation Act (1994)* with the mandate to establish and operate casinos in Saskatchewan. According to this *Act*, the name "Sask Gaming" is the abbreviated form of the name of the Corporation and the abbreviation when used, has the same legal effect and meaning as the full name of the Corporation. While originally a Treasury Board Crown, effective April 1, 2008, Sask Gaming came under the direction of the Crown Investments Corporation of Saskatchewan (CIC).

CIC is a holding company for Saskatchewan's commercial Crown corporations. CIC's main responsibilities are to establish the strategic direction for the subsidiary crowns through effective governance and performance management, and to enhance the province's long-term economic growth and diversification through Crown corporations.

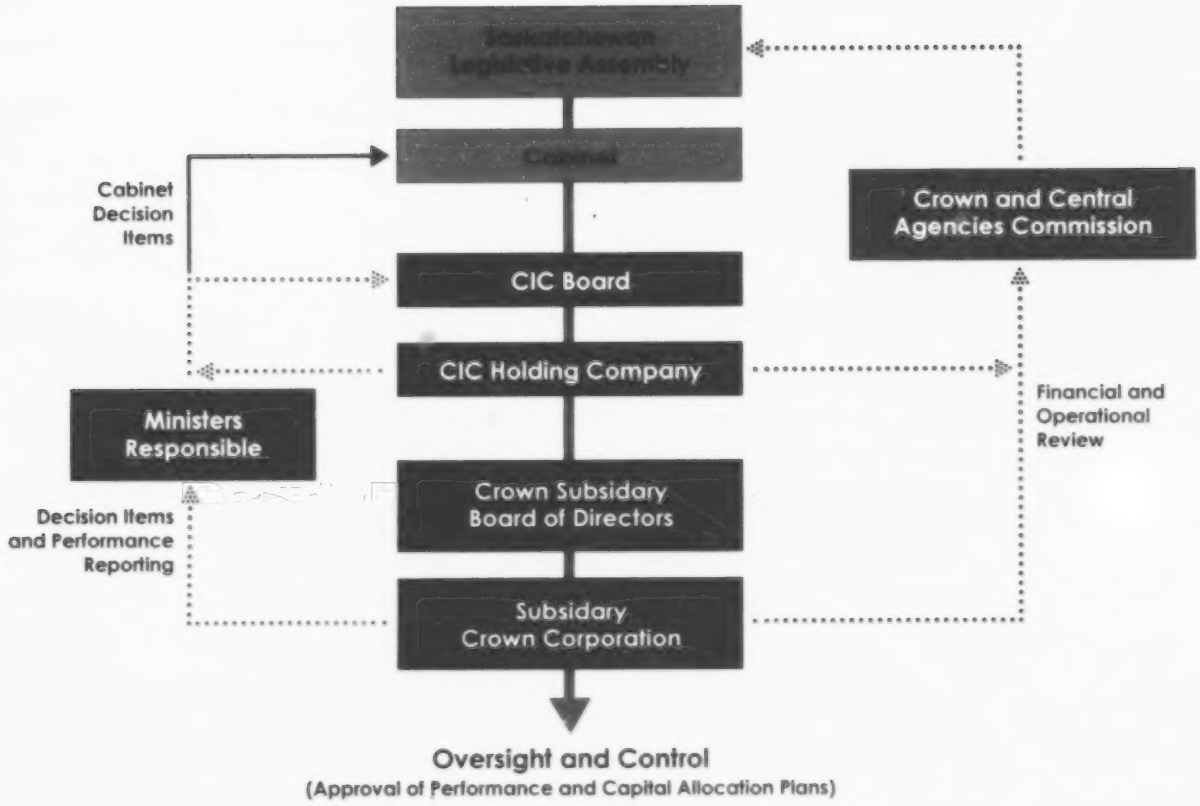
Sask Gaming is required to make payments to the province's General Revenue Fund sufficient to meet the government's legislated obligations to the First Nations Trust, the Community Initiatives Fund and the Métis Development Fund. Sask Gaming also pays dividends to CIC.

Sask Gaming operates Casino Regina and Casino Moose Jaw under the regulatory authority of the Saskatchewan Liquor and Gaming Authority. Day-to-day operating practices at the casinos are governed by provincial regulations. Sask Gaming also operates in accordance with statutory provisions under the *Criminal Code of Canada* and *The Alcohol and Gaming Regulations Act, 1997*.

Shareholder Direction and Communication

The following figure illustrates the accountability structure for Crown Corporations.

Crown Sector
Accountability Structure



Role of the Board of Directors

Sask Gaming is responsible to the Government of Saskatchewan through a Minister and a Board of Directors appointed by Cabinet.

The Board of Directors function as stewards of the Corporation, and have a statutory authority and an obligation to manage the affairs and the business of the Corporation. In satisfaction of this obligation, the Board provides oversight while delegating to Management the responsibility for the day-to-day operations of the Corporation. The fundamental objective of the Board is to act in the best interests of the Corporation, taking into account the public policy and business objectives of the Corporation, with a view to enhancing shareholder value.

Compensation Practices

The Board of Directors of CIC sets compensation rates for Directors. Directors may receive per diems or partial per diems when they are engaged in work for the Corporation consisting of the performance of any duties on behalf of the Corporation, or as a member of a Committee of the Board, in addition to those provided for attendance at meetings of the Board and its Committees.

The CIC Board sets compensation rates according to the level of responsibility of the Board. The maximum per diem for members of the Sask Gaming Board of Directors is $600 for the Chair and $500 per Director. Board expenses for the year ending December 31, 2009 totaled $192,042.

Code of Conduct

The CIC Code of Conduct for Directors of subsidiary Crown corporations (CIC Code) governs the Directors of Sask Gaming. The CIC Code assists the Board to more effectively fulfill their statutory and fiduciary obligations, and maintain a reputation for the highest standards of public trust and confidence in serving the interests of all stakeholders.

Board Composition

The composition of the Board of Directors is set out in our governing legislation, *The Saskatchewan Gaming Corporation Act*. The Board consists of not more than seven members, who are appointed by the provincial Cabinet. Three members of the Sask Gaming Board are nominated by Federation of Saskatchewan Indian Nations and all Directors serve for no more than three years. Cabinet may fill any vacancy that occurs on the Board.

Committees

The Board has the authority to appoint any committees that it considers necessary for conducting the business of the Corporation. The Board has developed Terms of Reference prescribing the scope, duties and responsibilities of the three committees it has appointed to assist it in fulfilling its obligations. These three standing committees are: Audit and Finance; Governance; and Human Resources and Compensation.

Audit and Finance Committee

The mandate of the Audit and Finance Committee is to assist the Board in meeting its responsibilities by ensuring the adequacy and effectiveness of the Corporation's financial reporting, internal controls, management information systems and risk management. The Committee is directly responsible for the internal audit function, approving the internal audit charter, plan, resources and reviewing audit results. The Committee has responsibility to:

- Oversee the work of the internal auditor and external auditor;
- Approve the internal auditor's annual audit plan, including any significant mid-year changes to the plan;
- Resolve any disagreements regarding accounting, internal controls or auditing matters;
- Retain independent counsel, accountants or others to advise the Committee as required, or to assist in conducting an investigation; and
- Seek any information it requires from external parties or employees to conduct an investigation.

The Committee has the authority to authorize investigations into any matter referred to it by the Board, or any other matter within the Committee's scope of responsibilities. The Committee meets in-camera with the Corporation's Director of Internal Audit, as necessary, to better understand the information presented by Internal Audit, or any other relevant issues. The Committee also meets regularly with the appointed external auditor.

The Committee met six times in 2009.

Members:
Bill Jameson (Chair), Blair Ross, Ron Martin, Lindsey Kequahtooway (Kaye), and Wes Becker (Ex-Officio)

Human Resources and Compensation Committee

The Human Resources and Compensation Committee oversees Sask Gaming's overall employment environment and is responsible for the Corporation's policies for human resource management, compensation and succession planning. The Committee's objective is to ensure Sask Gaming is a corporate leader in the development and implementation of proactive human resource strategies. The Committee also annually reviews the Corporation's diversity initiatives and monitors the Code of Business Conduct and Ethics Policy and other workplace policies.

The Committee met four times during 2009.

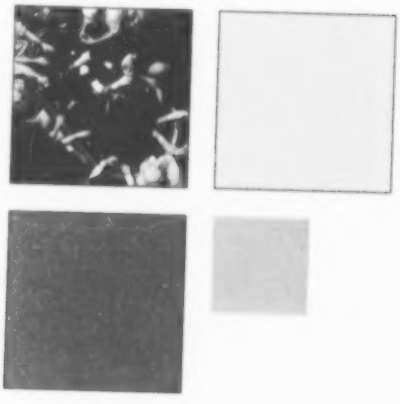
Members:
Ron Bruck (Chair), Dr. Ron Martin (Vice Chair), Blair Ross, Kevin Missens, and Wes Becker (Ex-Officio)

Governance Committee

The Governance Committee serves as an advisory body to the Board, providing leadership to the Board in relation to governance processes, policies and principles of the Corporation, and assisting the Board in nominating potential candidates for positions on the Board. The Committee develops and reviews the effectiveness of the Corporation's corporate governance practices and annually reviews the Terms of Reference of the Board and its three committees. The Committee also serves as Ethics Advisor to the Board, administering and enforcing the Code and reporting annually to the Board on compliance with the Code.

The Committee held five meetings in 2009.

Members:
Blair Ross (Chair), Ron Bruck, Kevin Missens, Lindsey Kequahtooway (Kaye), and Wes Becker (Ex-Officio)



Board of Directors

Wes Becker, Chair, of Regina, Saskatchewan retired from a career with CIBC having held various management positions, including within the Commercial Banking division, and as program director for the Agricultural Value-Added Loan Program. A fellow of the Institute of Canadian Bankers Professional Banking Program, Mr. Becker has volunteered with the Regina Chamber of Commerce, Boy Scouts of Canada, the Canadian Liver Foundation, the Heart and Stroke Foundation, and the Parents Advisory Board for Riffel High School.

Blair Ross, Vice Chair and Chair, Governance Committee, of Regina, Saskatchewan is co-founder of SRG (Security Resource Group Inc.) a Saskatchewan based security firm providing investigation, security patrol, 24 CCTV real-time monitoring, and information technology security services across Western Canada. Blair has over 20 years of business experience with the majority gained in the private security industry. In those 20 years, he has built and managed security operations from the ground up. He has managed the security personnel at large scale events (i.e. the Pan American Games in Winnipeg) across Western Canada.

A recipient of an Honourary Lifetime Big Brother award for his volunteer commitment he also co-chairs the Sandra Schmirler Charity Golf Classic and sits on the board of Regina Airport Authority.

Ron Bruck, Chair, Human Resources/Compensation Committee, of Moose Jaw, Saskatchewan served with the Royal Canadian Mounted Police (RCMP) throughout Saskatchewan, including eight years as Sergeant and Detachment Commander in Moose Jaw, before retiring in 2006.

Board photo left to right:
Wes Becker (Chair), Lindsey Kequahtooway (Kaye), Wendy Dean (Corporate Secretary), Bonnie Wallin, Ron Bruck, Blair Ross
Missing from photo: Dr. Ron Martin, Bill Jameson, Kevin Missens

Mr. Bruck was awarded the RCMP's 35-year Long Service Medal Gold Clasp, the Commanding Officer's Commendation, Queen's Golden Jubilee Medal and the Saskatchewan Protective Services Medal. His past and present volunteer activities include Boy Scouts Canada, the Saskatchewan Minor Hockey Association, Royal Canadian Legion, Rural Crime Watch, Neighbourhood Watch, Moose Jaw Regional Inter-Sectoral Committee and Victim Services Board of Directors.

Bill Jameson, Chair, Audit and Finance Committee, of Moose Jaw, Saskatchewan is President of JGL Livestock Ltd. and of the Saskatchewan Cattle Feeders Association. Mr. Jameson is Past President of the Saskatchewan Livestock Markets Association and is a founding director of Temple Gardens Mineral Spa.

Lindsey Kequahtooway (Kaye), of Grenfell, Saskatchewan served as Chief of the Sakimay First Nation for eight years. Mr. Kequahtooway studied Social Work at the Saskatchewan Indian Federated College (now the First Nations University of Canada) and worked for Yorkton Tribal Council Child Services for six years before moving to the Department of Community Resources and Employment in Regina. Mr. Kequahtooway has served for three years on the Prairie Valley School Division Board of Directors.

Dr. Ron Martin, of Fort Qu'Appelle, Saskatchewan is a member of the Fond-du-Lac First Nation. Dr. Martin graduated with a dental degree and Advanced Bachelor of Arts and Science degrees in Sociology and Anatomy from the University of Saskatchewan. Dr. Martin established Dene Dent Family Dentistry in Fort Qu'Appelle in 1995. Dr. Martin is a member of the College of Dental Surgeons of Saskatchewan. He has previously volunteered with: the Environmental Assessment Review Panel; National Aboriginal Achievement Awards; Health Canada Quality Assessment Committee; the Fort Qu'Appelle Minor Hockey Association; and the Assembly of First Nations.

Kevin Missens, of Fort Qu'Appelle, Saskatchewan was a serving member of the Royal Canadian Mounted Police from 1983 to 1992. Mr. Missens joined the Touchwood File Hills Qu'Appelle Tribal Council (now the File Hills Qu'Appelle Tribal Council) as a court worker in 1995 and spent time as a community justice worker. He has served as chair of the Qu'Appelle Policing Agreement, chair of Qu'Appelle Child and Family Services Inc., and has been involved with Pasqua Indian Child and Family Services, Pasqua Health and Pasqua Justice. Mr. Missens volunteers as a coach with the Fort Qu'Appelle Minor Hockey Association.

CLEAR BENEFITS AND CLEAR VISION – DELIVERING CLEAR BENEFITS IS ABOUT ACHIEVING BALANCE. SASK GAMING PROVIDES CASINO ENTERTAINMENT IN A SOCIALLY RESPONSIBLE MANNER. THAT MEANS BALANCING THE ECONOMIC BENEFITS OF GAMING WITH THE LONG-TERM WELL-BEING OF OUR COMMUNITIES AND EMPLOYEES WHILE OFFERING QUALITY ENTERTAINMENT.

"Responsibility and Integrity"

Responsible Gaming Information Centres are located on the gaming floor at Casino Regina and Casino Moose Jaw. Staffed by a team of Responsible Gaming Specialists, the Centres provide information about gaming, randomness, house advantage, and the costs of different types of gaming. They also educate guests and staff about responsible play, and deliver education and awareness in a positive way. It's part of our strategy to be good citizens of our communities, contributing in a socially responsible way. Casino guest awareness of our responsible gaming program grew from 41 to 44 percent this past year.

We collaborate with provincial and national partners and jurisdictions towards developing a common standard for responsible gaming: we are a member of the Provincial Forum on Responsible Gambling and the Canadian Partnership for Responsible Gambling; and participate on the National Collaboration on Responsible Gambling.

Locally we have representation on the Regina Problem Gambling Committee and the Moose Jaw Committee on Problem Gambling. At the provincial level we work with the Ministry of Health to promote education and awareness of the programs available to problem gamblers.

"Integrity matters. Being responsible is part of everything we do." – Bob Arlint, Vice President of Security

Governance Practices

Sask Gaming's approach to corporate governance is substantially consistent with the guidelines set out in the Canadian Institute of Chartered Accountants (CICA) Handbook and the Canadian Securities Administrators (CSA) National Policy 58-201 – Corporate Governance Guidelines, and National Instrument 58-101 – Disclosure of Corporate Governance Practices.

The National Policy and National Instrument address the key areas of responsibility for effective corporate governance, including responsibility for stewardship of the Corporation, the Board's role in working with management and the functioning of the Board. Although Sask Gaming is not legally obligated to comply with CSA governance guidelines, the Corporation has benchmarked its corporate governance practices against the CSA National Policy and National Instrument Guidelines in the following corporate governance scorecard.

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
1. Board of Directors Composition The Board should have a majority of independent directors.	There are seven members on the Sask Gaming Board appointed by the Lieutenant Governor in Council. The Federation of Saskatchewan Indian Nations nominates three Board members, and the provincial Cabinet appoints four members. All directors are independent.	Yes
Disclosure of significant shareholders (ability to exercise the majority of votes to elect directors):	Sask Gaming, as a statutory Crown corporation does not have any issued share capital. Although CSA is reviewing governance of controlled companies, this feature is not applicable to Sask Gaming.	Not Applicable
(a) Disclose the identity of directors; and	Wes Becker, Chair; Independent, Retired banker	Yes
(b) Describe who is independent and the basis for the determination of independence.	Blair Ross, Vice-Chair; Independent, Co-founder of SRG Security Resource Group Ron Bruck, Independent, Retired RCMP officer Bill Jameson, Independent, President, JGL Livestock Ltd. Lindsey Kequahtooway (Kaye), Independent, FSIN appointee	

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
	Dr. Ron Martin, Independent, Dentist, FSIN appointee Kevin Missens, Independent, Pasqua Treaty Land Entitlement Coordinator and former RCMP officer, FSIN appointee An associate of one director had a material contact with the corporation in 2009. Blair Ross is a shareholder in SRG Security Resource Group, a company that received a sub-contract for the security components of an IT consulting services contract between a vendor and Sask Gaming. As soon as he became aware of the possible sun-contract, Mr. Ross took all of the proper steps to declare the potential conflict to the corporation and disclose it to the Board. He did not participate in the selection process or the decision to award the contract. None of the other directors, or their "associates" have worked with or for the Corporation, or have material contracts or relationships with the Corporation, or have received remuneration from the Corporation in excess of the fees and compensation as Directors or Committee members or as Directors of subsidiaries of the Corporation.	Yes
(c) Indicate whether directors are directors of any other issuer that is a reporting issuer	Sask Gaming does not have share capital, and therefore is not an issuer.	Not applicable
(d) Do directors hold regularly scheduled in-camera meetings to facilitate open and candid discussion? If so, how many meetings were held in the previous 12 months?	At each regular meeting the Board sets aside time on the agenda for an in-camera session where management is excused from the meeting. The Board held 10 meetings in 2009.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(e) The chair should be independent to provide leadership for the directors.	The Board structure of Sask Gaming is such that the Chair of the Board is independent.	Yes
(f) Disclose the attendance record of each director for board meetings held in the most recently completed financial year.	The following are the attendance statistics for Board meetings: **Director** — **Board Meetings Attended** Wes Becker — 9 Blair Ross — 8 Ron Bruck — 9 Bill Jameson — 7 Lindsey Kequahtooway (Kaye) — 6 Dr. Ron Martin — 8 Kevin Missens — 8 For the purposes of this report, members who attended meetings in part were considered to be present.	Provided
2. Board Mandate The board should adopt a written mandate which explicitly acknowledges responsibility for the stewardship of the Corporation and which delineates its roles and responsibilities, including responsibility for:	The Board has written Terms of Reference that set out its responsibility to function as stewards of the Corporation, and the obligation to manage the affairs and business of the Corporation. While the fundamental objective of the Board is to act in the best interests of the Corporation, the Board has a responsibility to ensure congruence among shareholder expectations, corporate plans and management performance. Terms of Reference are available to the public on the corporate website. The Board adopts an Annual Work Plan to ensure the duties and responsibilities identified in the Terms of Reference are scheduled to be achieved.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(a) Satisfaction regarding the integrity of the Chief Executive Officer (CEO) and executive and the creation of a culture of integrity;	The Board and all employees act in accordance with the governing legislation, the Corporation's Code of Business Conduct and Ethics Policy and Board Terms of Reference which are available to the public on the corporate website. Each of the three committees established by the Board has its own Terms of Reference, which are available on the Corporate website. Board members are also governed by the CIC Code of Conduct for Directors.	Yes
(b) The adoption of a strategic planning process and approval of a strategic plan that takes into account, among other things, the opportunities and risks of the business;	Sask Gaming has implemented an integrated strategic planning process using the Balanced Scorecard methodology to build clarity about the strategic direction, ensure alignment with shareholder priorities, and to translate that direction into a results-focused, actionable performance plan. At the beginning of the process the Board of Directors engaged in a strategic planning event to review the environmental scan, determine the risks and impact on the Corporation and the shareholder, and determine a set of priorities for action over the next three to five years. The Board and Management have identified four key risks and business priorities in its 2010 Performance Management Plan. These are: Generating Quality Employment; Competitive Positioning; Responsibility, Security and Integrity; and Governance and Sustainability.	Yes
(c) The identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;	Management and the Board developed an integrated Enterprise Risk Management Framework in 2009 that integrated the Corporation's risk management program into its annual planning process.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(d) Succession planning, including appointing, training and monitoring senior management;	The Board is responsible for succession planning, and established the Human Resources and Compensation Committee to approve and/or recommend the Corporation's human resource policies, guidelines, procedures and systems, and to report changes in policies to the Board. Sask Gaming has a workforce plan to ensure the Corporation has the right people, competencies and skills needed to be successful. The workforce plan links to the Corporate Learning and Development Plan, through which we manage the development of desired competencies. Sask Gaming is developing a Workforce and Succession Planning Framework that meets the current and long-term needs of the organization, supports the organization in achieving the 50 percent Aboriginal employment target, and ensures that Sask Gaming can meet its business plan goals over the next three to five years.	Yes
(e) A communications policy for the Corporation;	The Saskatchewan Gaming Corporation is committed to the principles of transparency, openness and timeliness in communications with its owner, employees, stakeholders and the public. The Corporation complies with communication requirements set by the shareholder. The Board reviewed and approved the communications policy in 2009.	Yes
(f) The integrity of the Corporation's internal control and information management systems;	The Board has a responsibility to ensure the Corporation operates in a business-like and financially responsible way. The Board has appointed an Audit and Finance Committee to assist the Board in fulfilling its responsibilities with respect to the adequacy and integrity of the Corporation's financial reporting, internal control systems, risk management and relationship with external auditors.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(g) Development of approach to corporate governance, principles and guidelines;	The Governance Committee is mandated through its Terms of Reference to be responsible to the Board for the development, review and effectiveness of Sask Gaming's corporate governance practices. The Committee also serves as the Ethics Advisor to the Board. Sask Gaming reviewed its Corporate Governance Framework in 2009. The Framework includes decision-making protocols, accountabilities and relationship management with our external stakeholders. Revised Terms of Reference for Board and Committees are available in the Corporate Governance section of the website.	Yes
(h) General mandate re: stakeholder relations, and expectations and responsibilities of directors.	The duties of Directors are set out in legislation. A Code of Conduct applicable to the directors of all subsidiary Crown corporations also guides members of the Board. The primary responsibility of the Board of Directors is to foster the long-term success of the Corporation consistent with the Board's responsibility to its shareholder. The Chair of the Board participates in a CIC Chairs forum conducted by the statutory shareholder, where feedback and communication is provided to all Crown Corporation Board Chairs on the expectations of the Holding Company as representatives of the shareholder. Building on the base of directors' duties outlined in legislation, the Terms of Reference for the Board and its Committees are reviewed annually.	Yes
3. Position Descriptions (a) The board should develop position descriptions for the chair of the board and chair of each board committee;	The Board Chair operates within the statutory requirements of *The Saskatchewan Gaming Corporation Act*. The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which sets out the duties and responsibilities of each.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(b) Together with the CEO, develop a position description for the CEO delineating management's responsibilities and approving corporate goals and objectives that the CEO is responsible to meet.	The Board has developed the Board's Terms of Reference which outline the responsibilities of the Board and Management. The Board has approved a position description that sets out the primary duties, responsibilities and accountabilities of the CEO. The Board has also approved policies for expenditure authorities for the CEO and Executive Officers. These policies clearly outline the limits of their authorities and the levels for which matters must receive Board approval.	Yes
4. Orientation and Continuing Education The Board should ensure new directors receive comprehensive orientation and fully understand the role and the contribution they are expected to make; and, the Board should provide continuing education opportunities for all directors.	The Governance Committee has responsibility to provide an appropriate orientation program for new directors and a continuing education program for all directors. Directors receive an orientation to the Corporation and the industry from Management. CIC delivers a comprehensive training program for directors focusing on best governance practices and the Board's role and responsibilities.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
5. Code of Business Conduct and Ethics (a) The board should adopt a written code of business conduct and ethics applicable to directors, officers and employees of the Corporation which is designed to promote integrity and deter wrongdoing. The code should address conflicts of interest, protection, proper use of corporate assets and opportunities, confidentiality, fair dealing, compliance with laws, rules and regulations and provide a mechanism to report illegal or unethical behaviour.	Directors of the Corporation are required to abide by CIC's Directors' Code of Conduct. The Governance Committee, as the Ethics Advisor to the Board, is required to administer, monitor and enforce the Directors' Code of Conduct, which includes reporting annually to the Board concerning compliance. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships which may affect the Board's determination of their independence. The Human Resources and Compensation Committee monitors and enforces compliance with the Corporation's Employee Code of Conduct policy, Harassment Free Work Place Policy, and Violence in the Work Place Policy.	Yes
(b) The board should monitor compliance with the code and grant any waivers required for directors and executive officers. Any waivers for a material departure from the code for any directors or officers should be granted by the board.	The Governance Committee monitors and reports annually to the Board concerning compliance with the CIC Directors' Code of Conduct. The Committee also advises Directors on conflicts of interest, including actions for avoiding a conflict or potential conflict of interest. No waivers were granted in 2009.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
6. Nomination of Directors (a) The board should appoint a nominating committee composed of entirely independent directors, with a written charter establishing the Committee's purpose, responsibilities, member qualifications, appointment, removal, structure and operations.	Sask Gaming does not have a separate nominating committee; however, Sask Gaming's Governance Committee performs the function of a nominating committee. Its Terms of Reference set out its responsibility related to assessing the size, composition and required qualifications of the Board. The Governance Committee makes recommendations to the shareholder, which has the legislative authority to appoint Directors. All of the Governance Committee members are independent. The Governance Committee has the authority to retain external advisors it determines necessary to assist with carrying out its duties and responsibilities.	Yes
(b) The board should adopt a nomination process which first considers the competencies and skills of the board as a whole; assesses the competencies and skills possessed by each existing director; and, identifies competencies and skills each new nominee would bring to the board, including the ability to devote sufficient time and resources to the job.	The Governance Committee is responsible for assessing the skills and competencies of Board and committee members to support the strategic direction and the operational needs of the Corporation. The Board may make recommendations to the shareholder respecting the appropriate mix of skills, qualifications and expertise required for new directors. The Board has developed position descriptions for the Chair of the Board, the Committee Chairs and individual directors which set out the duties, responsibilities and expectations of each position. (For Reference: *The Saskatchewan Gaming Act* requires appointment of directors through Order-in-Council, and limits the Board to recommend candidates only.)	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
7. Compensation (a) The board should appoint a compensation committee composed entirely of independent directors, with a written charter to establish the Committee's purpose, responsibilities, member qualifications, appointment, removal, structure, operations and manner of reporting to the board.	The Board has appointed a Human Resources and Compensation Committee, which has responsibility to make recommendations to the Board on human resource and compensation-related matters. Written Terms of Reference prescribe the scope, duties and responsibilities of the Committee. The Committee has been given the authority to retain any outside advisor it deems necessary. The Board monitors and evaluates the performance of the CEO on an ongoing basis. The Human Resources and Compensation Committee conducts an annual performance review of the CEO. The Human Resources and Compensation Committee is comprised of independent directors.	Yes
(b) The compensation committee should be responsible for reviewing and approving corporate goals and objectives relative to the CEO's compensation, the CEO's performance in light of those corporate goals and objectives and determining the CEO's compensation level based on the evaluation; as well as reviewing executive compensation prior to public disclosure.	The Human Resources and Compensation Committee annually reviews and recommends to the Board the performance objectives and developmental initiatives for the CEO for the coming year. The Committee, with the Chair of the Board, conducts an annual performance review of the CEO, based on agreed-upon objectives and developmental initiatives. The Committee shares the results of the annual performance review with the Board. The Governance Committee reviews the CEO Position Description as required, or at least every three years. The Human Resources and Compensation Committee monitors and annually reviews the compensation and benefit programs and policies for the Executive Officers. The Committee reviews and recommends to the Board, where appropriate, any changes to the compensation levels for the CEO or Executive Officers. The Human Resources and Compensation Committee and the Board have a responsibility to annually review the details of compensation paid to Executive Officers that are required to be reported in the Crown Payee Disclosure Report.	Yes

CSA National Policy 58-201 and National Instrument 58-101 Disclosure of Corporate Governance Practices	Sask Gaming's Corporate Governance Practices	Consistent with CSA Guidelines?
(c) The compensation committee should be responsible to make recommendations to the board with respect to director compensation.	Compensation levels for Directors, the Chair of the Board and Committee Chairs are set by the CIC Board of Directors.	Yes
8. Other Board Committees Identify standing committees other than audit, compensation and nominating, and describe their function.	The Board has the authority to appoint any committee it considers necessary for the efficient conduct of the affairs and business of the Corporation. The Governance Committee serves as a nominating committee to the Board.	Yes
9. Board Assessments The Board, its committees and each individual director should be regularly assessed with respect to their effectiveness and contribution in terms of the board or committee's terms of reference, or an individual director's position description and competencies and skills.	The Board follows a process to evaluate the performance of the Board, Board Chair, Committees, Committee Chairs and individual Directors. Evaluations are conducted bi-annually, with the Board and Board Chair evaluated one year, and the Committees, Committee Chairs and directors evaluated in alternate years.	Yes

Executive Team

Twyla Meredith, President and CEO, joined Sask Gaming in 1996. Ms. Meredith has a Bachelor of Administration degree from the University of Regina and is a Certified Management Accountant. In 2009, Ms. Meredith was named a Fellow of the Society of Management Accountants of Canada.

Gerry Fischer, Senior Vice President, Operations joined Casino Regina in 1995 as Director of Sales and Promotions, and became Vice President of Marketing the following year. He has provided leadership to Operations since 2005 and holds a BA(Advanced) degree in Economics and a Bachelor of Administration degree from the University of Regina.

Tony Coppola, Acting Senior Vice President, Finance and Administration joined Sask Gaming in 2006. He holds a BA Honours in Economics from the University of Regina, a Masters degree in Economics from Simon Fraser University, and has completed the Ivey School of Business Executive Program and the Queen's University Leadership program.

Bob Arlint, Vice President, Security, completed his education in the Northwest Territories before studying Social Work at Red Deer College. Mr. Arlint served with the RCMP for 25 years before joining Sask Gaming in 2001 as a Gaming Control Officer. He was named Vice President, Security in 2006.

Blaine Pilatzke, Vice President, Human Resources and Aboriginal Relations, brings 17 years of experience in labour relations to Sask Gaming. He joined the corporation in 2004 as Director of Labour Relations and was appointed Vice President of Human Resources and Aboriginal Relations in 2007.

Executive photo left to right:
Bob Arlint, Susan Flett, Blaine Pilatzke, Twyla Meredith, Gerry Fischer, Tony Coppola, Lynn Armstrong

Susan Flett, Acting Vice President, Marketing and Product Development, joined Sask Gaming in 2000 and was appointed to her current position in March 2009. Ms. Flett completed her Bachelor of Administration at the University of Regina, holds a Queen's University Certificate in Human Resource Management and completed the Executive Leadership Program at Queen's University.

Lynn Armstrong, Acting Vice President, Corporate Services, joined Sask Gaming in April 2008 as the Director of Business Planning and Risk Management and was appointed to her current position in March 2009. She holds Bachelor degrees in Arts and in Journalism and Communication from the University of Regina and completed the Queen's Leadership Program at Queen's University.

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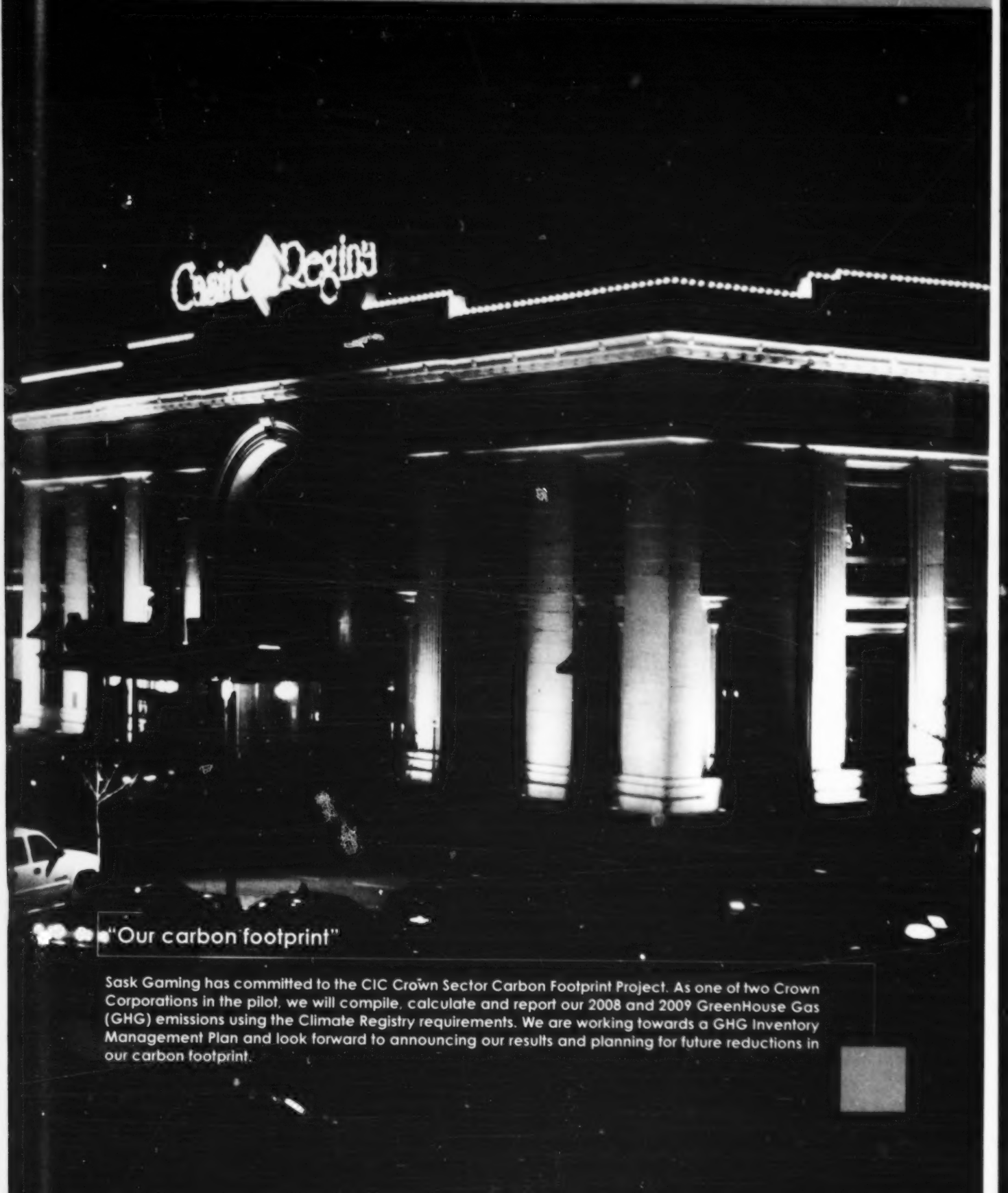

"Our carbon footprint"

Sask Gaming has committed to the CIC Crown Sector Carbon Footprint Project. As one of two Crown Corporations in the pilot, we will compile, calculate and report our 2008 and 2009 GreenHouse Gas (GHG) emissions using the Climate Registry requirements. We are working towards a GHG Inventory Management Plan and look forward to announcing our results and planning for future reductions in our carbon footprint.

Explanation of Terms:

Balanced Scorecard Measures

Employer of Choice, Choice Employees

Measure	Description	Methodology
Employer of Choice, Choice Employees		
Employee engagement Lead indicator Measured annually in June through Hewitt	This measures the level of employee engagement within the corporation with respect to three engagement behaviours: Say – consistently say positive things about the organization Stay – intends to stay with the organization Strive – strive to achieve above and beyond what is expected in the daily role Engagement is the employee's emotional and intellectual commitment to an organization.	Employees complete an annual employee engagement survey from Hewitt Associates who provide a composite index score by combining employee responses to specific key survey questions related to Say, Stay, and Strive, engagement behaviours. Hewitt Associates benchmarks the score against all other companies that have completed the survey that year.
Aboriginal representation Lead indicator Measured quarterly	This measure focuses our employee attraction and retention efforts to achieve a target of 50 percent Aboriginal representation. We work toward meeting other Saskatchewan Human Rights Commission designated work group targets but emphasis is placed on Aboriginal representation.	Using information from the human resource system, a percentage is calculated for each diversity group (number of diversity group employees within a group divided by total number of employees).

Measure	Description	Methodology
Guest Experience Excellence		
Willingness to Recommend Lead indicator Measured quarterly	The corporation measures internally a Net Promoter Score (NPS) score indicating the extent to which customers are advocates for Sask Gaming by recommending casino properties to friends and family. Customers are asked their "willingness to recommend" in order to calculate an NPS score	Telephone interviews are conducted with guests who are asked to assess (on a scale of 1-10) their willingness to recommend the casino to their family or friends. This measure is the guest average score (out of 10) expressed as a percentage.
Mystery Shopper Score Lead indicator Measured quarterly	Mystery Shopper Score rates casino employee ability to provide customer service related to three service dimensions – appearance, interaction, responsibility and ownership.	An external consultant conducts a series of transactions with employees to quantitatively and qualitatively measure their service experience against three service dimensions using a five-point scale. The consultant uses a pre-planned checklist of service actions and behaviours to rate each dimension. Mean scores (out of five) are calculated for each service dimension and an overall mean score is calculated for this measure.

Measure	Description	Methodology
Social Responsibility		
Saskatchewan procurement Lead indicator Measured quarterly	Saskatchewan procurement is a public policy priority and a component of Sask Gaming's Corporate Social Responsibility. The Sask Gaming goal has been to source goods and services from Saskatchewan suppliers where possible.	The dollar value of goods and services purchased from Saskatchewan businesses as completed through the Sask Gaming Procurement department.
Aboriginal procurement Lead indicator Measured quarterly	Aboriginal procurement is a public policy priority and a component of Sask Gaming Corporate Social Responsibility. The Sask Gaming goal has been to source goods and services from Saskatchewan-based Aboriginal suppliers where possible.	The dollar value of goods and services purchased from Saskatchewan business entities owned and/or controlled by Aboriginal peoples as completed through the Sask Gaming Procurement department.
Casino visitor awareness Lead indicator Measured annually	A measure of casino visitor awareness of responsible gaming information and programs we offer.	An annual province-wide public survey with Saskatchewan residents includes questions to measure the percentage of casino visitors surveyed who are aware of Sask Gaming Responsible Gaming information and programs offered at Casino Regina and Casino Moose Jaw.
Set GHG emission benchmark – CIC Carbon Footprint Lag indicator Measured quarterly	CIC will annually report a Crown Sector Carbon Footprint. Crowns are expected to reduce GHG emissions 20 per cent by 2020. Each Crown will establish an initial benchmark and set future targets to reduce GHG emissions from the baseline.	CIC subsidiary crowns are using The Climate Registry methodology to inventory greenhouse gas (GHG) emissions and calculate a carbon footprint. Sask Gaming will set a GHG emission benchmark using 2009 data and establish GHG reductions targets.

Measure	Description	Methodology
Social Responsibility		
Saskatchewan procurement Lead indicator Measured quarterly	Saskatchewan procurement is a public policy priority and a component of Sask Gaming's Corporate Social Responsibility. The Sask Gaming goal has been to source goods and services from Saskatchewan suppliers where possible.	The dollar value of goods and services purchased from Saskatchewan businesses as completed through the Sask Gaming Procurement department.
Aboriginal procurement Lead indicator Measured quarterly	Aboriginal procurement is a public policy priority and a component of Sask Gaming Corporate Social Responsibility. The Sask Gaming goal has been to source goods and services from Saskatchewan-based Aboriginal suppliers where possible.	The dollar value of goods and services purchased from Saskatchewan business entities owned and/or controlled by Aboriginal peoples as completed through the Sask Gaming Procurement department.
Casino visitor awareness Lead indicator Measured annually	A measure of casino visitor awareness of responsible gaming information and programs we offer.	An annual province-wide public survey with Saskatchewan residents includes questions to measure the percentage of casino visitors surveyed who are aware of Sask Gaming Responsible Gaming information and programs offered at Casino Regina and Casino Moose Jaw.
Set GHG emission benchmark – CIC Carbon Footprint Lag indicator Measured quarterly	CIC will annually report a Crown Sector Carbon Footprint. Crowns are expected to reduce GHG emissions 20 per cent by 2020. Each Crown will establish an initial benchmark and set future targets to reduce GHG emissions from the baseline.	CIC subsidiary crowns are using The Climate Registry methodology to inventory greenhouse gas (GHG) emissions and calculate a carbon footprint. Sask Gaming will set a GHG emission benchmark using 2009 data and establish GHG reductions targets.

Measure	Description	Methodology
A Sustainable Corporation		
Debt/equity ratio Lag indicator Measured quarterly	This measure indicates proportion of debt to equity.	(Long-term debt + short-term debt)/equity advance + retained earnings + long-term debt + short-term debt, expressed as a percentage.
Net income Lag indicator Measured quarterly	Before payment to GRF. A measure of profitability over a period of time. Net Income is typically used by investors and lenders as a determination of the firm's profitability.	Net Revenue – (operating expenses + interest expense + depreciation + taxes).
EBITDA Margin Lag indicator Measured quarterly	Sask Gaming has chosen to use Earning Before Interest, Taxes, Depreciation, and Amortization (EBITDA) as an operational efficiency measure.	Earnings before indirect expenses divided by Gross Revenue expressed as a percentage.